



# Doing Business In Cyprus: A Country Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2005. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In ...](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

# Chapter 1: Doing Business In Cyprus

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)

## Market Overview

[Return to top](#)

### Government-Controlled Area<sup>1</sup>:

The government-controlled area of Cyprus offers good business and financial services, modern telecommunications, an educated labor force, good airline connections, a sound legal system, and a low crime rate. Cyprus' EU membership, its geographical location, low tax rates, and modern infrastructure make it a natural hub for companies looking to do business within the EU and with the Middle East, Eastern Europe, the former Soviet Union and North Africa. A liberal investment regime has helped increase the flow of direct EU investment in Cyprus in recent years. The inflow of total direct investment in Cyprus reached USD 1.08 billion in 2004, compared with USD 890 million in 2003. Intellectual property is protected under modern copyright and patent legislation, although better enforcement of these laws is needed.

Economic growth accelerated to 4.0 percent in 2005, from 3.7 percent in 2004. The main drivers of growth were the sectors of transport, storage and communication (6.9 percent); electricity, gas and water (6.0 percent); and real estate and business (5.0 percent). Tourism reversed its negative course from the previous year and recorded a 4.0 percent gain. The sectoral allocation of GDP in 2005 was as follows: primary sectors (agriculture, fishing and mining) 3.8 percent; secondary sectors (manufacturing, utilities and construction) 19.7 percent; and tertiary (services) sectors, including tourism, 76.6 percent.

Cyprus joined the EU's Exchange Rate Mechanism II (ERM II) on April 29, 2005 and it remains on track to adopt the Euro in 2008. The EU's Economic and Financial Affairs Council (ECOFIN) has described the 2004-2008 Convergence Plan of the Government of Cyprus (GOC) as "aspiring but plausible." Cyprus' public finances have improved considerably over the last two years. The fiscal deficit, which had reached 6.3 percent of GDP in 2003, dropped to 4.2 percent in 2004 and continued declining to around 3.0

---

<sup>1</sup> Since 1974, the southern part of Cyprus has been under the control of the Government of the Republic of Cyprus, while the northern part has been administered by a Turkish Cypriot administration, which proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC") and has not been recognized by any country except for Turkey. A substantial number of Turkish troops remain on the island. A buffer zone or "green line," patrolled by the U.N. Peacekeeping Force in Cyprus (UNFICYP), separates the two parts. The United States recognizes the Republic of Cyprus as the Government of Cyprus. It is also U.S. policy to ease the isolation of Turkish Cypriots and to promote economic growth and opportunity in the Turkish Cypriot economy in order to pave the way for a comprehensive settlement and reunification. For clarity of presentation, this report outlines the different circumstances that pertain in these geographically distinct parts of the island.

percent in 2005. Similarly, the public debt, which reached 71.9 percent of GDP in 2004 (fifth highest in the EU), has already started declining, reaching 70.5 percent in 2005.

Cyprus is one of ten countries that joined the European Union (EU) on May 1, 2004. The process of harmonization with the EU in the run-up to accession has transformed the whole economic structure of Cyprus, making it more open, liberal, and competitive. Among the many reforms which have already taken place are the following: liberalization of trade and interest rates, abolition of investment restrictions for EU residents and liberalization of the general investment regime for all non-EU investors, abolition of price controls, introduction of private financing for the construction and operation of infrastructure projects, and liberalization of utilities. Naturally, some of these changes will take time to bear fruit. For example, the dominant position of semi-government organizations, which until recently monopolized utilities such as telecommunications or power generation, may deter foreign investment in these sectors, at least in the short term. Cyprus obtained very few derogations from the EU's *acquis communautaire*, one of which limits the acquisition of land by EU residents until 2009.

#### Area Administered by Turkish Cypriots:

The self proclaimed "Turkish Republic of Northern Cyprus," is only recognized by Turkey and controls about one-third of the island's area and around a fifth of the population. Per capita GDP in the area administered by Turkish Cypriots is around 40 percent of that in the government-controlled area. The New Turkish Lira is the main currency, although British and Cyprus Pounds are widely used. Like the government-controlled area, the area administered by Turkish Cypriots is heavily dependent on imports. Agriculture is still a major sector in terms of employment, exports, and consumption, although its share in the GDP is decreasing annually.

In 2004 (last available information), the agricultural sector employed 9.3 percent of the working population and accounted for 36.0 percent of total exports. Processed agricultural goods accounted for another 29.0 percent of total exports.

Most industrial enterprises in the north vary from small to medium-sized. Manufacturing is limited mainly to food and beverages, furniture and fixtures, construction materials, metal and non-metal products, textile and clothing.

With hundreds of miles of coastline, medieval castles, and antiquities, tourism is a major potential growth industry. Education is also one of the strongest sectors in the north. There are currently six universities attended primarily by students from Turkey as well as Turkish Cypriots and international students. According to the "State Planning Organization" during the 2004-2005 academic year the number of enrolled students was 34,000.

The economy grew by 15.4 percent in 2004 and an estimated 10.6% in 2005, buoyed by a boom in the construction and education sectors, and increased employment of over 5,000 Turkish Cypriots in the government-controlled area, where wages are significantly higher.

The absence of a political settlement and the lack of international recognition for the "TRNC" pose an inherent risk for the foreign investor interested in buying or leasing property in the area administered by Turkish Cypriots. Potential investors should be

cautious and check out all the facts concerning purchasing or leasing property in the north. Unless the property in question was in Turkish Cypriot hands prior to 1974, it will be very unlikely that the title to the land will be free and unchallengeable. Property issues will be at the heart of any settlement of the Cyprus problem and will involve the return of property and/or compensation to pre-1974 owners. Estimates of the percentage of land in the north that belonged to Greek Cypriots pre-1974 run as high as 85 percent. Foreign buyers or leasers of land may also face legal challenges from those displaced in 1974 either in Republic of Cyprus courts or courts in their country of residence.

## **Market Challenges**

[Return to top](#)

Cyprus has been divided since the Turkish military intervention of 1974, following a coup d'etat directed from Greece. Since 1974, the southern part of the island has been under the control of the internationally recognized Government of the Republic of Cyprus. The northern part of the island is administered by a Turkish Cypriot administration. In 1983, that administration proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC"). The "TRNC" is not recognized by the United States or by any other country except Turkey. The two parts are separated by a buffer zone patrolled by United Nations forces. A substantial number of Turkish troops remain on the island.

There has been no serious inter-communal violence since 1974, other than an isolated incident in 1996 resulting in the deaths of two Greek-Cypriot civilians during a demonstration in the buffer zone. The partial lifting of travel restrictions between the two parts of the island in April 2003 has allowed movement of persons – over nine million crossings to date -- between the two parts of the island with no significant interethnic incidents. In August 2004, new EU rules allowed goods produced in the north to be sold in the south provided they met EU rule of origin and sanitary/phyto-sanitary requirements. In May 2005, the Turkish Cypriot "authorities" adopted a new regulation "mirroring" the EU rules and allowing certain goods produced in the south to be sold in the north. Nevertheless, trade between the two communities remains limited. Suppliers of imported products in the government-controlled area cannot directly serve the Turkish Cypriot market and vice versa.

A plan for the reunification of the island, negotiated under the auspices of the UN, was submitted to the two communities for approval in separate but simultaneous referenda on April 24, 2004. The plan was approved by the majority of Turkish Cypriots but rejected by the majority of Greek Cypriots.

From a strictly business perspective, the biggest challenge is the relatively small size of the market in both communities, with less than a million residents on the island. In the government-controlled area, this problem is somewhat cushioned by the relatively high standard of living (per capita GDP was USD 20,846 in 2004 – 14<sup>th</sup> highest in the EU 25) and around 2.4 million tourist arrivals per year. In the area administered by Turkish Cypriots, per capita GDP was only USD 8,095 in 2004.

## **Market Opportunities**

[Return to top](#)

#### Government-Controlled Area:

Best prospects for U.S. firms generally lie in services, high technology sectors, such as computer equipment and data processing services, financial services, environmental protection technology, medical and telecommunications equipment, and tourism development projects such as casinos, marinas, and golf courses. Moreover, alternative energy sources and the energy sector in general, are attracting an increasing amount of attention, while the possible existence of natural gas and petroleum reserves off the southern and eastern coast of Cyprus opens up new prospects. U.S. food franchises and apparel licensors are also finding fertile ground for expansion in Cyprus.

The gradual liberalization of foreign direct investment regulations has made Cyprus progressively a more attractive destination for U.S. investors in recent years. Traditionally, U.S. direct investment in Cyprus consisted of relatively minor projects, mostly by Greek-Cypriot expatriates. It should also be noted that the abolition of restrictions on investment originating from the EU allows U.S. investors to benefit as well, provided they work through subsidiaries in the EU.

#### Area Administered by Turkish Cypriots:

No detailed statistics on investment are available in the area administered by Turkish Cypriots. However, most foreign direct investment in north Cyprus since 1974 has come from Turkey – both from the government and private sector. Tourism has attracted most investment.

Tourism continues to be the sector the north depends on for its economic development. Over the past three years, construction of vacation and retirement villas (aimed mainly at the UK market) and to a lesser extent hotels, has boomed. Turkish and Turkish-Cypriot businesspeople plan to construct several hotels, a marina, and a golf course in the coming months. Tourist arrivals increased by 27 percent in 2004 and another 10.1% in 2005.

Other potential growth opportunities include agribusiness (especially in citrus, potatoes, and carob – which can be used as a chocolate substitute in health foods) and the export to north Cyprus of cereals and animal feed.

Please see the caveats on property in the above sections.

[Return to table of contents](#)

## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5376.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

### Using an Agent or Distributor

[Return to top](#)

### Distribution and Sales Channels; Use of Agents/Distributors; Finding a Partner

#### Government-Controlled Area:

It is relatively easy to find qualified Cypriots to serve as agents and distributors. Hundreds of U.S. companies are already represented here on an agency/representative basis. Cypriot agents/representatives normally market U.S. products and services under binding agency agreements based on commissions. In general, the Embassy's experience has been that Cypriot agents are reliable and pursue their work objectives aggressively and with a keen business sense. In Cyprus, a Commercial Agent must register with the Council of Commercial Agents and receive a license with a registration number.

#### Area Administered by Turkish Cypriots:

In order to do business in the area administered by Turkish Cypriots it is imperative to cooperate with a Turkish-Cypriot businessperson or entity. For information on how you can get in touch with prospective agents or distributors, you can contact the Turkish-Cypriot Chamber of Commerce. The TCCoC has a list of members with their respective line of business and contact information for each. Please click on the following link for detailed information on the TCCoC: <http://www.ktto.net>

#### Other contact details:

Tel.: +392-228-3760, +392-228-6822

Fax: +392-228-6705  
Email: [ktto@ktto.net](mailto:ktto@ktto.net)  
Postal address: 90 Bedreddin Demirel Cad.  
Nicosia

## Establishing an Office

[Return to top](#)

### Government-Controlled Area:

Cyprus, a full EU member since May 1, 2004, has a liberal climate for investments. On October 1, 2004, the GOC lifted most investment restrictions concerning non-EU residents, completing earlier reforms (introduced in January 2000) concerning EU investors. Through this decision, the GOC has lifted most capital restrictions and limits on foreign equity participation/ownership, thereby granting national treatment to foreign investors. Non-EU investors (both natural and legal persons) may now invest freely in Cyprus in most sectors, either directly or indirectly (including all types of portfolio investment in the Cyprus Stock Exchange). The only exceptions concern primarily the acquisition of property and, to a lesser extent, restrictions on investment in the sectors of tertiary education and mass media (see below).

Under the new policy, there is no mandatory screening of foreign investment. Foreign investors can register a company directly at the Registrar of Companies through qualified accountants or lawyers, a procedure that is exactly the same for local residents. Similarly, foreign investors may now acquire shares in an existing Cypriot company directly, without earlier authorization by the Central Bank. They are expected, however, to inform the Registrar of Companies about the change in ownership status. Foreign investors are still expected to obtain all permits that may be necessary under Cypriot law to do business in Cyprus. For example, they may need to obtain a municipal permit to set up a kiosk or abide by prevailing health standards to own and operate a catering company, etc. Furthermore, non-EU residents wishing to take up employment in Cyprus must obtain work permits issued by the Migration Department.

Non-resident investors can establish a legal presence in Cyprus through a selected professional (attorney or accountant) licensed to practice in Cyprus. The professional will establish the type of legal presence required (i.e. company, branch, partnership, joint venture, etc.) through the Registrar of Companies. This process usually takes about a month to complete and costs between USD 2,000 and USD 4,000.

Cypriot legislation imposes significant restrictions on the foreign ownership of real property. Persons, who are not ordinarily residents of Cyprus, are generally restricted to buying only a single piece of real estate for private use not exceeding three donums (i.e. normally a holiday home or an office). Exceptions can be made for projects requiring larger plots of land (i.e. beyond that necessary for a private residence) but are difficult to obtain and are rarely granted. The GOC has obtained a temporary derogation from the EU *Acquis communautaire* on this issue for five years, i.e. until May 2009.

Non-EU residents wishing to take up employment in Cyprus must obtain work permits issued by the Migration Department. Employment permits are issued to the senior executives of companies as well as to other foreign personnel when administrative or technical staff of the same caliber cannot be found in Cyprus, or when the employment



of the non-EU resident is absolutely necessary for conducting the business of the enterprise. Since the island's accession to the EU (May 1, 2004), it has become increasingly harder for non-EU blue-collar workers to obtain work permits in Cyprus. Other restrictions may also apply, such as for setting up educational institutions on the island with non-EU participation.

#### Area Administered by Turkish Cypriots:

Foreigners can select one of the following three options in order to establish a company in the area administered by Turkish Cypriots:

(a) Establish a new company in the north. In this case, there is a requirement for minimum capital of USD 30,000. There is no requirement for "Ministerial Council" approval although the applicant must obtain all the necessary permits and documents from the police, "Ministry of Interior", etc; or

(b) Establish a branch of an existing company abroad. There is no requirement for minimum capital in this case but there is a requirement for approval by the "Ministerial Council"; or

(c) Buy an existing Turkish Cypriot company. In order to do this, the foreign investor must have a Turkish Cypriot partner.

Additional information can be obtained directly from the "Ministry of Economy" at tel. (90-392) 228-5204, fax: (90-392) 228-5204; and the "State Planning Organization" at tel. 90-392) 228-3141, fax: (90-392) 228-5988.

## Franchising

[Return to top](#)

#### Government-Controlled Area:

U.S. franchises, particularly in the food business, have been extremely successful in Cyprus in recent years. The following companies have opened franchise outlets in Cyprus since 1990: McDonald's, Pizza Inn, Pizza Hut, Kentucky Fried Chicken, Kenny Rogers Roasters, and TGI Friday's. The most recent franchises that opened outlets on the island are Starbucks coffee and Burger King. Bennigan's has also opened its first restaurant on the island last summer and is opening one more in the capital city of Nicosia in 2006. Bonanza Steakhouse is scheduled to open as well. Such non-food U.S. franchises as Athlete's Foot and Gold's Gym are also present and successful in Cyprus. Operation of these ventures results in a substantial outflow of capital in the form of licensing fees and royalty payments, estimated at around USD 20.0 million a year for U.S. and other foreign franchises. Present trends suggest that the franchising sector has great prospects for growth in Cyprus.

#### Area Administered by Turkish Cypriots:

There are no U.S. or international franchises currently established in the area administered by Turkish Cypriots. There is one successful local fast food chain and franchises are a potential growth industry.

## **Direct Marketing**

[Return to top](#)

### **Government-Controlled Area:**

Marketing has been a growth industry for Cyprus in recent years, to the point where many local firms offer their services to customers in the region. Advertising methods for the local market have become sophisticated and the choice of available media is approaching those available in other developed countries.

### **Area Administered by Turkish Cypriots:**

Marketing and advertising are not used extensively in the north at this time. Most campaigns and advertising materials come directly from Turkey. With the recent developments in the north (construction, tourism-related projects, etc.), this sector will eventually grow to accommodate promotional needs mostly to foreign investors and prospective buyers. The Internet is more widely used in promotion efforts. However there is no reliable access to broadband Internet service at this time.

## **Joint Ventures**

[Return to top](#)

### **Government-Controlled Area:**

In the case of most large tender projects, it is accustomed that Cypriot companies join forces with foreign companies to prepare and submit bid proposals. The expertise of foreign companies in certain sectors is necessary and their cooperation with local companies gives them an edge as well, in terms of the locals' knowledge and expertise in the Cypriot market.

### **Area Administered by Turkish-Cypriots:**

It is required that foreign companies must join local companies if they wish to participate in a tender in the area administered by Turkish-Cypriots. Otherwise, a foreign company must open an office and register the company there.

## **Selling to the Government**

[Return to top](#)

### **Government-Controlled Area:**

The procurement practice of the government is to announce international or local tenders, depending on the size of the procurement. With EU accession, the procurement law has been amended to comply with EU laws and regulations. Tender documents are now only released in the Greek language, which is an official EU language. In most cases, U.S. companies may bid directly or through a local agent on any tender.

With the new procurement law, power on evaluating and awarding tenders has shifted from a Central Tender Board to each Ministry's tender board. A Tenders Review Authority is now established to examine complaints from bidders and to ensure that project awards are not mishandled.

Information on upcoming tenders is available through the Department of Commerce in Washington, through the Internet: <http://www.stat-usa.gov>, or the U.S. Embassy in Nicosia, Commercial Section (e-mail: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov), Internet site: <http://www.buyusa.gov/cyprus/en>. Also through <http://www.export.gov>.

Ministry technical committees evaluate government tenders. Bids are evaluated first on technical merit and then on cost. Bidders on government contracts are advised to offer products/services that meet tender specifications to the dot. "Overbidding" -- providing additional technical capabilities or services -- only adds to the cost, thus risking low ranking by the financial committee. A number of U.S. firms have had their bids disqualified by quoting prices in currencies not listed in the tender documents.

Area Administered by Turkish Cypriots:

The "Central Tenders Commission" (CTC), which is under the "Ministry of Finance", handles all "Government" tenders released in the area administered by Turkish Cypriots. This is not the case with "municipalities" however; each "municipality" has its own tender board and follows its own regulations and procedures.

Tenders are announced in the "Official Gazette" or in a minimum of two local Turkish language newspapers. International tenders are also announced abroad as per the 1986 "By-Laws Governing State Tenders." Most tenders, however, do not permit participation from international companies. International companies can participate through an agent in the Area Administered by Turkish Cypriots only if the tender specifications clearly state that the tender is open for international participation. The agent must be fully registered in the area administered by Turkish Cypriots in order to represent any international company.

## **Distribution and Sales Channels**

[Return to top](#)

Government-Controlled Area:

Most imported products and services are handled through agents and distributors. Although most agent agreements may not be exclusive, most distributor agreements are. In some cases, a distributor may obtain an agreement to represent a company in both Cyprus and Greece and sometimes in countries of Eastern Europe as well.

Mostly small, family-owned and operated companies characterize the market although there are larger corporations operating in Cyprus. Recently, there is an increasing interest from foreign investors and companies to enter the market through purchasing existing corporations on the island. Many Greek companies see a promising future in acquiring Cypriot companies. This trend also boosts the economy of the island. The market is serviced through many supermarket chains and a few department stores.

Area Administered by Turkish-Cypriots:

The market structure in the area administered by Turkish-Cypriots is similar to the Government-Controlled area in that there are mostly small and family-owned and operated businesses. Imports are also handled by agents and distributors and are usually imported through Turkey.

## **Electronic Commerce**

[Return to top](#)

### **Government-Controlled Area:**

The Ministry of Commerce is trying to promote E-Commerce in Cyprus as an innovative way of doing business on the island. Although Internet access is widespread, Web-based trade remains relatively small but is growing. Most companies have their own website.

Online banking is becoming increasingly popular and Cypriots are starting to become accustomed to this method of banking services.

The Government is also improving its websites and offers more services and information through the Web.

### **Area Administered by Turkish-Cypriots:**

As in the south, E-commerce is limited but growing. Online banking services are advanced, as competition is fierce from Turkey-based banks. Most "government" offices and "ministries" have a website and some are starting to offer services, however, in general, the Turkish Cypriot "authorities continue to lag behind the private sector in this regard.

## **Trade Promotion and Advertising**

[Return to top](#)

### **Government-Controlled Area:**

Besides traditional advertising media like television and radio, direct marketing techniques that involve telephone calls to prospective customers and direct-mail to households have been used in recent years. Telemarketing (advertising through TV, with call-in numbers to order directly) is also a recent innovation. Cable and satellite television, although still available only on a very limited basis, is expanding its reach and offers another advertising medium. Advertising through the World Wide Web has grown significantly over the past few years as the number of Internet users in Cyprus has taken off. Several Internet providers specialize in designing web pages.

More traditional advertising channels, such as billboards, or the print media, are also used extensively. General and product-specific trade shows take place year-round (see Chapter 9). Most newspapers are affiliated with particular political parties. The major Greek language newspapers are Phileleftheros, Alithia, Simerini, O Politis, and Haravghi. The major English language newspapers are the Cyprus Weekly, Cyprus Mail

and the Cyprus Financial Mirror. There are numerous radio stations and seven broadband television channels: two government-owned, three private, and two paid subscription TV channels. There are also six local TV stations on the island. Digital television is also a reality in Cyprus this year. Two companies offer cable digital TV; the Cyprus Telecommunications Authority (CyTA) through its pre-existing cable network and NV Cable Communications Systems, a strategic collaborator of the Electricity Authority of Cyprus, through the EAC's existing fiber optics.

Some of the major advertising companies on the island are:

DeLeMa / McCann Erickson: 36 Griva Digeni Avenue, P.O. Box 21674, 1512 Nicosia, tel.: +357-22-660300, fax: +357-22-660303

Telia & Pavla / BBDO: 92 Arch. Makariou III Avenue, Apt. 3, 1077 Nicosia, tel.: +357-22-377745, fax: +357-22-377996

Partners Communications Services, 6 Costakis Pantelides Street, 1010 Nicosia, tel.: +357-22-668450, fax: +357-22-661746, e-mail: [partners@partners.com.cy](mailto:partners@partners.com.cy)

Area Administered by Turkish Cypriots:

The advertising sector in the area administered by Turkish Cypriots is not as developed as in the government-controlled area. Most advertising material comes directly from Turkey. The few advertising agencies that exist, generally do not undertake complex advertising issues or campaigns.

TV Stations: BRT (1 & 2), Kanal T, Genc TV, Akdeniz TV, ART, KTV.

Radio Stations: Radio 1, Bayrak, Kibris FM, Sim FM, Guven, Yakin Dogu

Newspapers: Kibris, Yeniduzen, Gunes, Kibrisli, Ortam, Cumhuriyet, Vatan, Afrika, Halkin Sesi. Like in the government-controlled area, most newspapers are affiliated with particular political parties.

## Pricing

[Return to top](#)

Government-controlled area:

The intense effort to harmonize the Cypriot economy with that of the EU in recent years is making the Cypriot marketplace more open and more competitive. For example, over the last two years, the government has abolished price controls on all products. Additionally, the implementation of the Uruguay Round agreement since January 1, 1996, resulted in the abolition of import permits, quantitative restrictions, and other non-tariff barriers to trade.

When considering pricing strategy (and this applies to both the government-controlled area and the area administered by Turkish-Cypriots), U.S. exporters should remember that the Cyprus market is small and orders are usually in limited quantities. The usual method of transaction is by letter of credit, with 90-days credit.

## **Sales Service/Customer Support**

[Return to top](#)

U.S. companies bidding on various projects in Cyprus should bear in mind that a local representative is usually necessary (unless the tendering authority expressly rules out dealing with intermediaries, which is the case with the Ministry of Defense). When evaluating tenders, government and semi-government organizations will take into consideration the reliability and reputation of the local agent/representative. Also taken into consideration are after-sales service, maintenance contracts, and the availability of spare parts. The Commercial Section of the U.S. Embassy in Nicosia can help U.S. firms locate reputable local agents.

## **Protecting Your Intellectual Property**

[Return to top](#)

In the government-controlled area, adoption of the Copyright Law on January 1, 1994 and the subsequent adoption of the Patents Law on April 2, 1998 were important milestones in establishing a modern legislative framework for the protection of intellectual property. The new Patents Law is consistent with Cyprus' obligations under the European Patent Convention and the World Trade Organization (WTO) TRIPS agreement. However, spotty enforcement of the existing IPR legislation is a continuing concern.

Intellectual property rights are not adequately protected in the area administered by Turkish Cypriots. Current legislation is antiquated and rarely enforced.

## **Due Diligence**

[Return to top](#)

In an effort to assist U.S. companies with their due diligence efforts on the island, the Commercial Section offers the International Company Profile (ICP) report service. This report is a background check into the particulars of potential business partners in Cyprus, including information on key officers, financial health, sales volume and reputation.

The cost for each International Company Profile report in Cyprus is US\$500 and is delivered within 30 working days.

## **Local Professional Services**

[Return to top](#)

Government-Controlled Area:

A local attorney must prepare the Articles of Incorporation of the company and submit the application for registration to the Registrar of Companies. A list of local attorneys is available from the Consular Section of the Embassy, Tel.: +357-22-393939, Fax: +357-22-776841. The list is also available on the Embassy website:

<http://www.americanembassy.org.cy> under American Citizen Services and under Commercial Information.

Area Administered by Turkish Cypriots:

The Turkish-Cypriot Chamber of Commerce can provide a list of professional services available, as well as, contact information. <http://www.ktto.net>

#### Web Resources

[Return to top](#)

<http://www.americanembassy.org.cy>

<http://www.buyusa.gov/cyprus/en>

Government-Controlled Area:

<http://www.cyprus.gov.cy>

Government of Cyprus official website. Includes information on ministries and all branches of the government.

<http://www.ccci.org.cy>

For Information on Cypriot Companies by name or sector and for detailed information regarding Associations registered with the Chamber of Commerce and Industry

<http://www.cyaba.com.cy>

The Cyprus – American Business Association is dedicated to promoting bilateral trade relations between Cyprus and the U.S. and has a very close cooperation with the U.S. Embassy in Nicosia.

[http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index\\_en/index\\_en?opendocument](http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index_en/index_en?opendocument)

To find out if a company is registered in Cyprus check the website of the Department of the Registrar of Companies and Official Receiver. The website also provides statistics on companies registered in Cyprus and other services.

Area Administered by Turkish Cypriots:

<http://www.ktto.net>

The Turkish-Cypriot Chamber of Commerce website.

<http://www.kktcsanayiodasi.org/>

The Turkish Cypriot Chamber of Industry website

[Return to table of contents](#)

## Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

## Commercial Sectors

- [Plastic Articles](#)
- [Ships and Boats](#)
- [Electrical Machinery Equipment and Parts Thereof](#)
- [Furniture and Fittings](#)

For U.S. companies, the best prospects currently on the island are franchising, tourism infrastructure, energy projects, and IT and financial services. However, there are still some opportunities in exports of manufactured and agricultural goods. even though the amounts involved may be modest. (The tables will be revised in April 2006).

### Plastic Articles

Government-Controlled Area:

#### Overview

[Return to top](#)

This sector has shown steady growth for U.S. companies since 2002.

(Data in USD Million)	2003	2004	2005 (estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A
Total Exports	9.6	12.6	15.1
Total Imports	126.6	142	156
Imports from the U.S.	4.4	4.8	6.2

(Note: The above statistics are unofficial estimates.)

Area Administered by Turkish Cypriots:

N/A

### Ships and Boats

[Return to top](#)

Government-Controlled Area:

#### Overview

[Return to top](#)

Imports of ships and boats from the U.S. made up ¼ of the total imports in Cyprus in this category for 2004 and for previous years, while the sector as a whole continued to expand. U.S.-origin imports are expected to continue to do well in 2006.

(Data in USD Million)	2003	2004	2005 (estimated)
-----------------------	------	------	------------------



Total Market Size	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A
Total Exports	2.2	4.3	5.3
Total Imports	9.3	12	15
Imports from the U.S.	2.0	3.1	4

(Note: The above statistics are unofficial estimates.)

Area Administered by Turkish Cypriots:

N/A

## Electrical Machinery Equipment and Parts Thereof

Government-Controlled Area:

### Overview

[Return to top](#)

This sector offers increased opportunities for U.S. exporters, especially should the U.S. dollar continue to be weak vis-à-vis the Cypriot pound. Although there was an insignificant decrease in imports from the U.S. from 2001 to 2002, U.S.-origin imports in 2003 and 2004 increased.

(Data in USD Million)	2003	2004	2005 (estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A
Total Exports	16.7	114.7	86
Total Imports	310.4	462.5	531.8
Imports from the U.S.	12.1	12.5	13.75

(Note: The above statistics are unofficial estimates. Please note that the export numbers provided above include re-exports).

Area Administered by Turkish Cypriots:

N/A

## Furniture and Fittings

Government-Controlled Area:

### Overview

[Return to top](#)

The amount of U.S.-origin imports of Furniture and Fittings that Cypriots import has increased in the last few years. It is expected that this steady growth will continue.

(Data in USD Million)	2003	2004	2005 (estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A

Total Exports	11.35	14.6	17.5
Total Imports	115.85	144.95	173.9
Imports from the U.S.	2.3	2.6	3.1

(Note: The above statistics are unofficial estimates.)

Area Administered by Turkish Cypriots:

N/A

Area Administered by Turkish Cypriots:

Over 60 percent of north Cyprus's imports come from Turkey and around 45 percent of its exports go to Turkey. Imports from the U.S. (USD 7.1 million in 2004 and USD 7.6 million for the first 11 months of 2005) make up a very small percentage of total imports (less than one percent). According to Turkish Cypriot statistics only USD 8,407 worth of goods (textiles) were exported to the U.S. in 2004 and USD 46,330 in the first 11 months of 2005.

Leading Imports by Product for 2004 (USD):

Vehicles	145,634,162
Fuel	43,485,935
Round bars	36,769,934
Industrial Machines	25,535,882
Cigarettes	22,865,994
Textiles	18,812,460
Pharmaceutical Products	18,309,035
Fabrics	16,392,847
Cement	14,986,541
Autoparts	14,521,613

Leading Imports from the U.S. to the north for 2004 (USD):

Corn	1,423,362
Cigarettes	1,160,161
Wheat	1,020,355
Vehicles	761,913
Soybeans	396,858
Cigars	261,630
Almonds w/o shells	204,982
Total	7,106,625

Total imports for 2004 (USD):

Turkey:	512,426,882 (60%)
European Union:	224,413,085 (26%)
Far East:	66,005,094 (8%)

1/13/2006

Muslim States:	27,759,302 (3%)
Europe (other):	9,449,052 (1%)
Other Countries:	13,048.102 (2%)

Total imports: 853,101,517

Source: unofficial statistics provided by the Turkish Cypriot "Ministry of Economics and Tourism"

The main products that are exported from the north are citrus fruits, textiles and dairy products. According to unofficial Turkish Cypriot statistics, total exports for 2004 amounted to USD 61,535,677.

## Opportunities

[Return to top](#)

Government-Controlled Area:

Current tenders/Investment Opportunities:

### 1. Gas Reserve Terminal

The Government of Cyprus (GOC) must construct a new Gas Reserve Terminal to comply with the EU requirements for a 90-day reserve. This will also be constructed in the Vasilikos Power Station area. (Part of the Energy Center project – please see below).

### 2. Energy Center / Deliquefaction Facility

The cost of the energy center project is estimated at CY£300 million (US\$630 million). The most important construction works planned are for the reception, regasification, and storage of liquefied natural gas and the reserve tanks for the liquid fuel. M.W. Kellogg is tasked with advising the government throughout the tender process including the preparation of the tender documents.

Within the first six months of 2006, the Ministry of Commerce expects M.W. Kellogg to have completed the design plans for the energy center construction works, as well as, the tender specifications. The government's target is to ensure completion of the energy center by 2009, the year it expects most power plants to begin using liquefied natural gas.

The construction project will be done on a BOT basis. The winning bidder will pay the initial cost for the works. Once the project is completed, the winning bidder will operate the energy center facilities on behalf of the government for the next 20 to 25 years (the exact timeframe is not finalized yet).

The project will be constructed in the area where the Hellenic Chemical Industries' facilities are located at the Vasilikos area of the city of Limassol. A Ministry of Commerce proposal to disassemble the old Hellenic Chemical Industries' facilities at Vasilikos (next to the EAC's power station) was approved by the Ministerial Board. The

expanse of about 350 acres will be used to construct the Energy Center and Deliquefaction facility for LNG. Disassembling will take about 12-15 months.

### 3. Renewable Sources of Energy

Projects for renewable sources of energy are still pending, specifically in the following sectors: 1) photovoltaic electricity generated by the sun; 2) wind turbines that generate electricity from the wind; 3) biomass for the production of electricity from organic waste; and 4) replacement of existing solar heaters. The GOC must comply with EU targets, which stipulate that Cyprus should cover up to 6 percent of electricity production through renewable sources of energy by 2010. The Government is offering selected subsidies in an effort to promote renewable sources of energy. Nevertheless, Cyprus is still significantly below the 6 percent target.

Companies interested in expressing interest in the renewable energy sector, can contact the office of the Energy Commission:

Cyprus Energy Regulatory Authority  
P.O. Box 24936  
1355 Nicosia  
Cyprus  
Tel.: +357-22-666363  
Fax: +357-22-666353

### 4. Helicopters:

The Ministry of Justice plans to release a tender in 2006 for the purchase of two Search & Rescue helicopters.

### 5. Dam Design and Construction

The Ministry of Agriculture, Natural Resources & the Environment, released a tender on May 27, 2005 for the design of a dam for the Linou-Flasou area in the Solea valley (Tender #: 51/2005). The tender asked for "The Provision of Engineering Consulting Services for the Preparation of a Survey, Preparation of Tender Documents, and Supervision of the Construction of the Solea Dam." The proposed capacity of the dam is between 4 and 4.5 million cubic meters of water and the height of the dam is approximately 53 meters. The objective is to design a dam, which imposes the least financial, and environmental cost and which does not affect the properties of the area's residents.

The Solea valley, which surrounds the Linou-Flasou area, has had limited access to water for the last forty years. The new dam is expected to solve this problem. The deadline for bid submissions was initially July 25, 2005 but was extended to September 5, 2005. Bids were submitted and evaluated. The WDD has already made its decision and will announce it to the bidders. If none of the bidders files a complaint with the Tenders Review Authority, the WDD will announce the contract award officially.

Once the preferred bidder completes the design, tender document specifications, etc., the WDD will release the tender for the construction of the dam. (Estimated tender release: late 2006 or early 2007). The GOC plans to fund the construction of the dam.

## 6. Highway Construction

Procedures are underway for the release of a tender for the construction of the Paphos to Polis Chrysochou highway. This 30-kilometer, four-lane, highway will consist of three bridges and two tunnels. The selected bidder will undertake the financing, construction, and maintenance of the highway. The GOC is considering various payment mechanisms for this BOT project. Once the pre-qualification stage of the process is completed, then the Government will release the tender to the companies that pre-qualify in early 2006.

## 7. Casino Construction

The Cyprus Tourism Organization (CTO) released two tenders on May 27, 2005 for feasibility studies on the prospects of constructing casinos in the government-controlled area and the prerequisites that must be adhered to in order to avoid negative social and economic consequences. The deadline for both tenders was June 10, 2005 and the contracts are already awarded. The Government of Cyprus (GOC) will use these studies, once completed, to help it decide whether and under what conditions to introduce legalized casino gambling.

For more information on the CTO tenders and casino construction possibilities, please contact:

Ms. Nicoletta Pafitou  
Cyprus Tourism Organization  
Tel.: +357-22-691254  
Web: <http://www.visitcyprus.biz>

## 8. Marina and Port Redevelopment Project

The Government of Cyprus has announced plans to combine two previous tenders on the construction of a marina in Larnaca and the Larnaca Port Redevelopment Project into a single tender that will be issued in late 2005 or 2006.

On July 29, 2002 the Ministry of Commerce, Industry and Tourism issued a tender for a marina in Larnaca. It proposed the development, management, operation and exploitation of the Marina by the private sector. This project would be awarded on a BOT basis and the Marina would be transferred to the Government Of Cyprus (GOC) after an agreed period of time (up to 48 years). Also in 2002, the Ministry of Communications and Public Works issued a Larnaca Port Redevelopment tender. This project was a Design-Build-Finance-Operate style contract (a DBFO project, public-private partnership) to redevelop the Port in Larnaca, to transform it into a major cruise-passenger facility. The development included a larger vessel-turning circle and the realignment of quays as well as development of the land within the port boundaries. The successful bidder would have undertaken the passenger and commercial port operations as well.

Because of little interest from investors, the GOC decided to cancel the two projects and has announced plans to combine them into one. The Larnaca Port Redevelopment and the Larnaca Marina projects will be re-released as one tender in 2006. With the new

combined project, the preferred bidder will have the option to develop the area surrounding the Marina and the Port. Possible developments include the construction and operation of a hotel, restaurants, cafes, bars, etc. as well as a casino if by the time of tender release, a political decision is made to legalize casino gambling in the area controlled by the Government of the Republic of Cyprus.

Area Administered by Turkish Cypriots:

#### 1. Famagusta "Municipality" Underground Sewage System

The Famagusta "Municipality" in the area administered by Turkish Cypriots would like to undertake an underground sewage system project. For a U.S. company to participate in this project, it will have to provide its own financing. The sewage system project will entail constructing and operating the system. A German company was hired to prepare all relevant details for this project.

#### 2. Kyrenia (Girne) Waste Removal Project

The Kyrenia "Municipality" is interested in hiring U.S. or other foreign companies to design and implement waste removal and management programs for the "municipality". Financing the project is currently a problem for the "municipality" and creative financing mechanisms may be necessary to ensure the project's success.

### Resources

[Return to top](#)

Government-Controlled Area:

<http://www.cygazette.com>

Cyprus Government Official Gazette. Provides information on current tender opportunities

<http://www.cytanet.com.cy/cyta/tenders.html>

The Cyprus Telecommunications Authority (CyTA) website that lists all their current tenders and new tender opportunities.

<http://www.eac.com.cy>

The Electricity Authority of Cyprus (EAC) website that provides information regarding new and ongoing tender opportunities mostly in the energy sector.

Area Administered by Turkish Cypriots:

<http://www.devplan.org/>

"TRNC State Planning Bureau"

<http://www.trncgov.com>

"TRNC" website

Government-Controlled Area:

Best Prospects in Agriculture:

1. Cereal (FOD)

In recent years, Cyprus has adopted increasingly tough standards regarding genetically modified organisms and products, in line with EU standards and regulations. Cyprus imports of U.S. corn were slashed by more than 60 percent in the last couple of years, due to new regulations adopted by the Cyprus Grain Commission against biotech goods. Non-biotech cereal imports, however, have exhibited tremendous growth and have continued growth potential. Prior to Cyprus's EU accession all grain purchases were conducted through the Cyprus Grain Commission. Since May 1, 2004, private Cypriot companies can import grain directly from U.S. and other foreign companies.

2. Edible Fruit and Nuts (FOD)

U.S. imports of Edible Fruit and Nuts grew steadily from 2001-2004 and are estimated to have continued to increase in 2005 (statistics not yet available). This sector continues to offer promise for the future as Cypriot demand for edible fruits and nuts is on the rise.

Date Table (USD Million)	2003(actual)	2004(actual)	2005 (est.)
A. Total Consumption	N/A	N/A	N/A
B. Total Local Production	N/A	N/A	N/A
C. Total Exports	39.98	50.5	58
D. Total Imports	12.6	22.6	29.3
E. Imports from the U.S.	0.2	1.5	2.25
Note: amounts noted for 2004 are unofficial estimates			

Area Administered by Turkish Cypriots:

Agribusiness is a potential growth industry in the area administered by Turkish Cypriots. The north produces surplus citrus, potatoes, and carob that could be processed into finished products for the local market and potentially exported abroad. The export of cereals and animal feed (chickens, cows, and goats/sheep) are also possible growth markets for U.S. exporters. According to Turkish Cypriot statistics, the area administered by Turkish Cypriots imported from the U.S. in 2004: USD 1,423,363 worth of corn, USD 1,020,355 worth of wheat, USD 398,858 worth of soybeans and USD 204,982 worth of almonds (without shells).

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

Government-Controlled Area:

After more than a decade of progressive adjustments in its tariff regime, Cyprus adopted fully the EU's Common Customs Tariff (CCT) for third countries upon joining the EU on May 1, 2004. EU products enjoy a natural advantage in Cyprus due to the application of zero tariff rates. Applicable tariff rates for third countries can be reviewed at the following website (under "TARIC"):

[http://europa.eu.int/comm/taxation\\_customs/dds/en/](http://europa.eu.int/comm/taxation_customs/dds/en/)

Area Administered by Turkish Cypriots:

Tariff rates in north Cyprus tend to be higher than in the government-controlled area, depend on the product, and do not conform to the CCT. Tariffs are applied based upon the origin of the goods and are divided into two categories. Goods from Turkey and EU Member States are charged lower rates than goods from all other countries (including the United States).

### Trade Barriers

[Return to top](#)

Government-Controlled Area:

In the run-up to EU accession, Cyprus progressively dismantled trade barriers, becoming a more open and competitive economy. On the whole, this process has made Cyprus a much more attractive place for U.S. business. For example, under the CCT, Cyprus now applies tariffs on U.S. products, which are considerably lower than under the earlier regime. (An exception to this rule concerns cereals and other agricultural products.) Another example was the abolition of the 20 percent price preference granted



to locally produced goods and services for public tenders. This provision, deemed contrary to EU practice and the WTO's Government Procurement Agreement, has been abolished since April 30, 2003. Furthermore, Cyprus has eliminated quantitative restrictions and other non-tariff barriers to trade since January 1, 1996, when it started implementing fully the Uruguay Round agreement.

Despite the general progress, there are still certain areas where Cyprus could make further changes in the direction of investment and trade liberalization. Some of the main issues are outlined below:

-- Property Acquisition. Cypriot law imposes significant restrictions on the foreign ownership of real property. Persons not ordinarily resident in Cyprus (whether of EU or non-EU origin) may purchase only a single piece of real estate for private use (normally a holiday home). Exceptions can be made for projects requiring larger plots of land (i.e. beyond that necessary for a private residence) but are difficult to obtain and are rarely granted. The restriction on property acquisition for non-Cypriot EU residents will expire in May 2009 (Cyprus has received a temporary derogation from the EU acquis communautaire lasting for five years after accession). Restrictions, however, on non-EU residents, including U.S. nationals, will continue in force even after this date.

-- Investment in Tertiary Education. Cypriot legislation for foreign investment in tertiary education distinguishes between colleges and universities. Investment in universities, defined as institutions with no fewer than 1,000 students enrolled in a sufficiently diverse range of classes and curricula, is encouraged. Foreign (including non-EU) investors can set up or acquire a university in Cyprus by simply registering a company on the island and following a set of non-discriminative criteria. By contrast, non-EU investment in colleges is discouraged. Non-EU investors can set up or acquire a local college by registering a company in Cyprus or elsewhere in the EU provided that the company has EU-origin shareholders and directors. In other words, non-EU investors are not allowed to have any participation, whether as directors or shareholders, in the administration of local colleges.

-- Investment in Media Companies. Cyprus restricts non-EU ownership of local mass media companies to 5% or less for individual investors and 25% or less for all foreign investors in each individual media company.

-- Agricultural Biotechnology. Cyprus has adopted increasingly tough standards for biotechnology products, which in some cases exceed minimum EU requirements. For example, (a) GOC application requirements for new agricultural biotech crops are more arduous than in other EU countries, (b) permits for such crops are renewable every five years, (c) the GOC has declared as "GMO-free" areas under the Natura 2000 project (corresponding to 14% of Cyprus territory). Biotech products that are already licensed in the EU may circulate in Cyprus freely. However, biotech organisms must be approved, even if they are already licensed in other EU countries.

-- IPR Piracy Concerns. IPR legislation in Cyprus is, on the whole, modern and comprehensive, although enforcement needs to improve further. Cyprus has harmonized its IPR regime with EU requirements as part of its EU accession in 2004. The level of optical media piracy continues at roughly 50 percent. Audio piracy (mainly CDs) is also fairly constant at around 40 percent. Software piracy, largely fueled by small PC assembly and sale operations, has declined to 53 percent but is still

significantly above the European average. Piracy of college textbooks is a growing concern.

-- Market Access Restrictions for Pharmaceuticals. Cyprus (like other EU countries) requires re-registration of pharmaceuticals every five years. However, Cypriot requirements for re-registration are much more onerous than in other EU countries. Specifically, the GOC requires older pharmaceuticals to conform to the same test documentation requirements (including toxicological and clinical studies) as newer drugs. Besides the extra cost implications, the additional documentation is often unavailable for many older drugs, since more extensive testing is required today than a few years ago. In practice, most other EU countries accept documentation available at the time when the drug was originally patented. Although well-intended, this policy has resulted in market distortions, causing retail shortages of many pharmaceuticals in the domestic market.

## **Import Requirements and Documentation**

[Return to top](#)

Government-Controlled Area:

The GOC Department of Customs requires the following documents for clearing products originating from non-EU countries: delivery order for the goods, an invoice and a packing list. Various other documents according to the nature of each import will be required. A health certificate and ingredients list is required for imported food products.

Area Administered by Turkish Cypriots:

Firms wishing to engage in the import business in the area administered by Turkish Cypriots must register with the Chamber of Commerce or with the Chamber of Industry. They must also obtain an import permit from the "Department of Trade" in the "Ministry of Economy and Tourism."

## **U.S. Export Controls**

[Return to top](#)

Exports of U.S. military goods to Cyprus are prohibited. Additionally, exports of some U.S. dual-use goods are restricted.

## **Temporary Entry**

[Return to top](#)

Government-Controlled Area:

The temporary entry of goods allows for importation without payment of duty. This facility is extended to motor vehicles, goods for processing or repair prior to their re-exportation, goods for exhibition, and commercial samples, provided they do not change their form or character. The initial temporary entry permit, obtained at the time of importation, is valid for three months and can be extended by application to Customs headquarters.

## **Labeling and Marking Requirements**

[Return to top](#)

### **Government-Controlled Area:**

Since 1997, food products in Cyprus must comply with a strict law on the labeling of food products, requiring that the product name, ingredients, net contents, and country of origin be in the Greek language, in line with EU norms. A sticker with a Greek translation on the product is acceptable, provided it does not conceal the original label and it has the approval of the Ministry of Commerce, Industry, and Tourism. Additional information may be obtained directly from the Ministry of Commerce, Industry, and Tourism website:

[http://www.mcit.gov.cy/mcit/mcit.nsf/dmlindex\\_en/dmlindex\\_en?OpenDocument](http://www.mcit.gov.cy/mcit/mcit.nsf/dmlindex_en/dmlindex_en?OpenDocument)

The "Safety of Consumer Products Law" of 1994 outlines the legal responsibilities of those involved in the production or distribution of consumer products requiring safety warnings (including household appliances, pharmaceuticals, and many other products). One of these responsibilities concerns the proper labeling and packaging of consumer products to render them completely safe to the public. This includes having the necessary safety warnings for consumer products in Greek. The Government has redoubled efforts for stricter enforcement of the law.

### **Area Administered by Turkish Cypriots:**

Labeling and marking requirements are much looser in north Cyprus than in the government-controlled area and are not yet in line with EU norms. For example, mandatory labeling in Turkish is not a requirement for imported products, as long as the label is in English or one of the other main European languages.

## **Prohibited and Restricted Imports**

[Return to top](#)

### **Government-Controlled Area:**

The importation of certain items is prohibited. The principal ones are listed below:

- Rifles and repeating firearms, automatic and semi-automatic, repeating and semi-repeating shotguns, air guns, air rifles, and air pistols of a caliber exceeding 0.177 inches;
- Narcotics;
- Seditious publications;
- Counterfeit or false coins or currency notes;
- Goods bearing a false trade mark;
- Agricultural products, such as fresh vegetables, fruits, and plants without a phytosanitary certificate by the Ministry of Agriculture; and
- Dogs, cats, tropical fish, parrot and other birds may be imported into Cyprus after the issuance of a special permit from the Director of the Veterinary Services.

In early October 2005, in line with EU policy, the GOC prohibited imports of live poultry from certain countries posing a threat for the spread of Avian Influenza, including Turkey.

Area Administered by Turkish Cypriots

Importation of the following items is prohibited:

- Rifles and repeating firearms, automatic and semi-automatic, repeating and semi-repeating shotguns;
- Narcotics;
- Products containing asbestos;
- Counterfeit or false coins or currency notes;
- Agricultural products also grown or produced in north Cyprus, such as in-season fresh produce, dairy products (such as yogurt or halloumi cheese) and poultry. Turkish Cypriot authorities will allow importation of fresh produce not grown domestically or out of season, provided the shipment has a certificate of origin;
- UK origin animal products are subject to restrictions due to concerns about mad cow disease;
- Domesticated animals may be imported subject to a brief quarantine period.

The Turkish Cypriot authorities have banned all imports of birds and raw poultry from October 2005 to guard against the spread of Avian Influenza.

## **Customs Regulations and Contact Information**

[Return to top](#)

Government-Controlled Area:

Customs duties are regulated by a tariff system based on the Harmonized Commodity Description and Coding system (HS). Goods are classified according to their composition, description and purpose, and carry various rates of duty. In addition to tariffs, the following products are subject to relatively steep excise taxes: cigarettes and other tobacco products, fuel products, cars and motorcycles, fizzy soft drinks, smoked salmon, caviar, fur clothing, water faucets made of or coated by precious metals, crystal and porcelain products, imitation cheese (e.g. cheese made of soy substitutes). Notably, excise taxes apply to the above products regardless of origin (i.e. whether they originate from the EU or not, as well as for products made in Cyprus). Additionally, Cyprus imposes a 15 percent value added tax (VAT) on most goods and services. The GOC Department of Customs has the following website:

[http://www.mof.gov.cy/mof/customs/\\_bccj6ap3geq\\_.nsf/Main?OpenFrameSet](http://www.mof.gov.cy/mof/customs/_bccj6ap3geq_.nsf/Main?OpenFrameSet)

Area Administered by Turkish Cypriots

The harmonized system is also used in the area administered by Turkish Cypriots. However, tariffs in north Cyprus are not harmonized with the EU's CCT and they tend to be higher. A 15 percent VAT is imposed on most goods and services. The "Department of Customs" has the following website:

<http://www.kktcmaliye.com/>

Additional information on customs procedures in the area administered by Turkish Cypriots can be obtained from Mr. Mustafa Deveci, Customs Officer, "Ministry of Finance," tel. 00-90-392-2283116.

## **Standards**

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)

## **Overview**

[Return to top](#)

Government-Controlled Area:

Cyprus, as a member of the EU, is obliged to adopt all European directives and standards. As part of the harmonization process prior to accession, Cyprus has adopted 15,000 European standards, covering the whole spectrum of the local economy, from goods to services. Cyprus has also transposed many EU directives into national law, such as the banking or patent legislation. Additionally, several semi-government organizations, such as the Cyprus Telecommunications Authority and the Electricity Authority of Cyprus, generally require tendering companies to meet applicable International Standards Organization (ISO) standards.

Area Administered by Turkish Cypriots

The area administered by Turkish Cypriots lags far behind the government-controlled area in terms of harmonization with EU standards and directives.

## **Standards Organizations**

[Return to top](#)

Government-Controlled Area:

In 2002, the GOC introduced the Standardization, Accreditation and Technical Information Law (N.156 (I)/2002), assigning standardization activities to the Cyprus Organization for Standardization (CYS). This new law aimed at ensuring the impartiality and integrity of the local system, while, at the same time, harmonizing with EU directives. The CIS is an autonomous organization, registered under private law, with the state as the only shareholder. A seven-member- Board governs it, with participation from the government as well as the private sector.

The CYS is a full member of the ISO and the three main European standards organizations, i.e.:

CENELEC – European Committee for Electro Technical Standardization:

<http://www.cenelec.org>

ETSI –European Telecommunications Standards Institute:

<http://www.etsi.org>

CEN – European Committee for Standardization, handling all other standards:

<http://www.cenorm.be/>

Additional information on CYS and its activities can be obtained from its website:

<http://www.cys.org.cy>

Area Administered by Turkish Cypriots

The “Cyprus Turkish Standards Institution” is in charge of standards in the area administered by Turkish Cypriots. No website is available yet but Director Mrs. Ayse Cosar can provide additional information on tel. 00-90-392-2279639 or 40.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

**Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

## **Conformity Assessment**

[Return to top](#)

Government-Controlled Area:

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to a full quality assurance system. To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. Conformity assessment bodies in individual EU member states are listed in the following European Commission website:

<http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>

To date, the GOC has not yet designated a notified body. The Cypriot organization tasked with conformity assessment issues is the Cyprus Organization for the Promotion of Quality. The following website provides additional information on this body and its scope:

<http://www.cys.mcit.gov.cy>

Additional information can be obtained also from:

<http://www.cys.mcit.gov.cy/eu/NAD>

## **Product Certification**

[Return to top](#)

Government-Controlled Area:

The leading domestic certification body in Cyprus is the Cyprus Certification Company, a subsidiary of the CYS. The following website provides additional information on this body:

<http://www.cycert.org.cy/>

Additionally, the following international quality system registration bodies have offices or affiliates in Cyprus (as listed in the ISO website:

[\[http://www.iso.org/iso/en/info/ISODirectory/Country/country\\_CY.html\]](http://www.iso.org/iso/en/info/ISODirectory/Country/country_CY.html)

- EUROCERT S.A. (Based in GREECE)
- GLC (Based in GERMANY)
- NQA (Based in UNITED KINGDOM)
- SGS-ICS (Based in SWITZERLAND)

Pursuant to the Single European Act, which was created to facilitate the free movement of goods and services within the EU but also with the rest of the world, the EU has issued a series of directives. Each of these directives covers a range of products and sets out the essential safety requirements that products (including imported products) must satisfy before they may be sold anywhere in the EU. Products covered by these directives, must meet the requirements set out in the directives together with the standards issued under the authority of the directive. CE marking (Note: CE stands for "Communaute Europeenne") is a declaration that the product meets all the appropriate provisions of the relevant legislation implementing certain European directives. The following site offers additional information:

[http://europa.eu.int/comm/enterprise/newapproach/standardization/harmstds/index\\_en.html](http://europa.eu.int/comm/enterprise/newapproach/standardization/harmstds/index_en.html)

Cyprus follows closely and participates in the EU effort to harmonize standards for the internal market through the New Approach, which is still an ongoing project. All EU harmonized standards can be found on:

<http://www.newapproach.org>

Additional information on CE marking and European as well as third-country notified bodies could be obtained from:

<http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>

U.S. companies interested in exporting to the EU are required to comply with CE marking requirements, wherever applicable, depending on the product. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. Navigating the complexities of the CE marking system is not easy – expert advice and local knowledge, in the form of a local agent, is often indispensable. The following background as how the present system has evolved may offer some help.

In the eighties, the EU launched the so called “New Approach” to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products, electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Under the New Approach, Directives cover essential safety, health and environmental requirements. The Commission mandates the three regional European standards organizations, CEN, CENELEC and ETSI, to develop technical standards that are consistent with the essential requirements of EU Directives.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Mark and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards but must then demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

Interestingly, the CE mark addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product’s technical file), or the documents accompanying the product.



Area Administered by Turkish Cypriots:

There is no requirement for CE marking in the area administered by Turkish Cypriots.

### **Accreditation**

[Return to top](#)

Government-Controlled Area:

The Cyprus Organization for the Promotion of Quality handles conformity assessment issues and national accreditation systems. The following website provides additional information on this organization and its scope:

[http://www.cys.mcit.gov.cy/en\\_main.html](http://www.cys.mcit.gov.cy/en_main.html)

### **Publication of Technical Regulations**

[Return to top](#)

The Cyprus Organization for the Promotion of Quality website offers a lot of useful information on technical regulations and notifications:

[http://www.cys.mcit.gov.cy/en\\_main.html](http://www.cys.mcit.gov.cy/en_main.html)

### **Trade Agreements**

[Return to top](#)

Government-Controlled Area:

Since joining the EU on May 1, 2004, Cyprus has adopted fully trade agreements between the EU and third countries. The European Commission's website offers additional information:

<http://europa.eu.int/comm>

### **Web Resources**

[Return to top](#)

Additional information on CYS and its activities can be obtained from its website:

<http://www.cys.org.cy>

Cyprus Organization for the Promotion of Quality:

<http://www.cys.mcit.gov.cy>

Cyprus Certification Company, a subsidiary of the CYS. The following website provides additional information on this body:

<http://www.cycert.org.cy/>

Department of Customs:

[http://www.mof.gov.cy/mof/customs/\\_bccj6ap3geg\\_.nsf/Main?OpenFrameSet](http://www.mof.gov.cy/mof/customs/_bccj6ap3geg_.nsf/Main?OpenFrameSet)

EU Tariffs:

[http://europa.eu.int/comm/taxation\\_customs/dds/en/](http://europa.eu.int/comm/taxation_customs/dds/en/)

EU New Approach:

<http://www.newapproach.org>

CE marking:

<http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

### Openness to Foreign Investment

[Return to top](#)

Government-Controlled Area:

Cyprus, a full EU member since May 1, 2004, has a liberal climate for investments. On October 1, 2004, the GOC lifted most investment restrictions concerning non-EU residents, completing earlier reforms (introduced in January 2000) concerning EU investors. Through this decision, the GOC has lifted most capital restrictions and limits on foreign equity participation/ownership, thereby granting national treatment to foreign investors. Non-EU investors (both natural and legal persons) may now invest freely in Cyprus in most sectors, either directly or indirectly (including all types of portfolio investment in the Cyprus Stock Exchange). The only exceptions concern primarily the acquisition of property and, to a lesser extent, restrictions on investment in the sectors of tertiary education and mass media (see below).

Under the new policy, there is no mandatory screening of foreign investment. Foreign investors can register a company directly at the Registrar of Companies through qualified accountants or lawyers, a procedure that is exactly the same for local residents. Similarly, foreign investors may now acquire shares in an existing Cypriot company directly, without earlier authorization by the Central Bank. They are expected, however, to inform the Registrar of Companies about any change in ownership status. Foreign investors are still expected to obtain all permits that may be necessary under Cypriot law to do business in Cyprus. For example, they may need to obtain a municipal permit to set up a kiosk or abide by prevailing health standards to own and operate a catering

company, etc. Furthermore, non-EU residents wishing to take up employment in Cyprus must obtain work permits issued by the Migration Department.

The most significant hurdle remaining in place for foreign investors concerns the acquisition of real property on the island. Persons not ordinarily resident in Cyprus (whether of EU or non-EU origin) may purchase only a single piece of real estate for private use (normally a holiday home). Exceptions can be made for projects requiring larger plots of land (i.e. beyond that necessary for a private residence) but are difficult to obtain and are rarely granted. The restriction on property acquisition for non-Cypriot EU residents will expire in May 2009 (Cyprus received a temporary derogation from the EU *acquis communautaire* on this issue, lasting for five years after accession.) Restrictions, however, on non-EU residents including U.S. nationals will continue in force.

Another restriction concerns investment in tertiary education. Existing Cypriot legislation distinguishes between investment in colleges and universities. Investment in universities, defined as institutions with no fewer than 1,000 students enrolled in a sufficiently diverse range of classes and curricula, is encouraged. Foreign (including non-EU) investors can set up or acquire a university in Cyprus by simply registering a company on the island and following a set of non-discriminative criteria. By contrast, non-EU investment in colleges is discouraged. Non-EU investors can set up or acquire a local college by registering a company in Cyprus or elsewhere in the EU provided that the company has EU-origin shareholders and directors. In other words, non-EU investors are not allowed to have any participation, whether as directors or shareholders, in the administration of local colleges. Finally, current Cypriot legislation restricts non-EU ownership of local mass media companies to 5 percent or less for individual investors and 25 percent or less for all foreign investors in each individual media company.

The GOC is currently preparing to launch the Cyprus Investment Promotion Agency (CIPA) in 2006. This agency will be tasked with promoting investment and disseminating information. It will operate as a private organization reporting to the Ministry of Commerce, Industry, and Tourism semi-annually. The CIPA has also been assigned the task of evaluating foreign investment proposals and granting authorization for expedited processing by other GOC departments of deserving investments for projects of national interest. Although not fully staffed yet, this agency has already granted one such authorization (its first ever) for expedited processing for a proposed Cyprus-U.S. joint venture, involving the establishment of a health spa/residential estate project in the foothills of the Troodos mountains. In order to be given priority under this scheme, an investment application must have a project value of over CYP 1 million (USD 2.1 million), and demonstrably contribute positively to Cyprus's balance of payments or otherwise benefit the Cypriot national interest. Additional information, including a PDF "Guide for Foreign Investors," and information on the expedited treatment scheme, can be obtained from:

Mr. George Tsiamettis  
Commercial & Industrial Officer  
The Foreign Investors Service Center  
Ministry of Commerce, Industry & Tourism  
6 Andreas Araouzos, 1421 Nicosia - Cyprus  
Tel: +357 22 867143

Fax: +357 22 375541  
E-mail: [gtsiamettis@mcit.gov.cy](mailto:gtsiamettis@mcit.gov.cy)  
Website: [www.mcit.gov.cy](http://www.mcit.gov.cy)

Area Administered by Turkish Cypriots:

Turkish Cypriot authorities actively encourage foreign investment, giving preference to foreign investments facilitating the transfer of modern technology, know-how and new management technologies, as well as investment in export-oriented industries. There are no particular restrictions for specific sectors, except for projects deemed threatening to “national security.” As noted earlier, complications arising from the lack of international recognition for the “TRNC” and the continuing non-resolution of the Cyprus problem should be taken into consideration by the foreign investor (see section on Protection of Property Rights for additional information.)

### **Conversion and Transfer Policies**

[Return to top](#)

In recent years, Cyprus has progressively lifted restrictions on the transfer of funds in and out of the country pertaining to foreign investors. Currently, there are no restrictions on remittances for investment capital, earnings, loan repayments, lease payments or other business transactions.

### **Expropriation and Compensation**

[Return to top](#)

The events of 1974 have resulted in a number of outstanding investment disputes involving U.S. persons. Resolution of these disputes prior to a settlement of the Cyprus problem seems unlikely.

Government-Controlled Area:

In the government-controlled area, nationalization has never been government policy and it is not contemplated in the future. Private property is only expropriated for public purposes in a non-discriminatory manner and in accordance with established principles of international law. In cases where expropriation is necessary, due process is followed and there is transparency of purpose. Investors and lenders to expropriated entities receive compensation in the currency in which the investment is made. In the event of any delay in the payment of compensation, the Government is also liable for the payment of interest based on the prevailing 6-month LIBOR for the relevant currency.

The Turkish Cypriot Property Management Service (TCPMS), established in 1991, administers properties of Turkish Cypriots who are not ordinarily residents of the government-controlled area. This service acts as the temporary custodian for such properties until termination of division of the island. The TCPMS is mandated to administer properties under its custodianship “in the manner most beneficial for the owner.” Furthermore, ownership of Turkish Cypriot properties cannot change (unless for inheritance purposes) except in exceptional cases when this is regarded as beneficial for the owner or necessary for the public interest. Compensation for Turkish Cypriot

property used for the public benefit, as in the case of Larnaca airport or for highways, has been suspended as long as the division of the island continues.

#### Area Administered by Turkish Cypriots:

The "TRNC constitution" guarantees the right of private property in the area administered by Turkish Cypriots, while it does not discriminate between citizens and aliens. Furthermore, Turkish Cypriot authorities state that nationalization has never been part of their policy and that they do not contemplate any such action in the future. However, Turkish Cypriot authorities do not grant any protection for Greek Cypriot properties in the north. (See section on "Protection of Property Rights.")

The 1974 events have resulted in a number of claims of U.S. persons in the Area Administered by Turkish Cypriots, even though U.S. interests were not specifically targeted. The most well known case concerns a U.S. copper mining company that was forced to terminate its operations in 1974. The company's property and assets were confiscated in 1975 without compensation by military and civilian authorities representing Turkey and the Turkish Cypriot administration.

### **Dispute Settlement**

[Return to top](#)

#### Government-Controlled Area:

There have been no cases of investment disputes or outstanding expropriation/nationalization cases in recent years. Effective means are available for enforcing property and contractual rights. Under the Arbitration Law of Cyprus, an arbitrator is appointed when the parties' attorneys cannot settle a dispute between the parties to an agreement. The court may enforce an arbitral award in the same way as a judgment. In 1979, Cyprus became a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and a foreign award may be enforced in Cyprus by an action in common law. Cyprus is also a signatory to the Convention on the Settlement of Disputes Between States and Nationals of Other States.

### **Performance Requirements and Incentives**

[Return to top](#)

#### Government-Controlled Area:

Cyprus does not have a rigid system of performance requirements for foreign investment across the board and has signed the WTO's Trade-Related Investment Measures (TRIMS) agreement. Applications by non-EU residents for investment in Cyprus are judged on their own merit.

The investment incentives currently available in the government-controlled area of Cyprus are summarized below:

#### I. Direct Investment Incentives:

-- Relatively low corporate tax; resident companies are taxed at the rate of 10.0 percent;

- Annual depreciation allowances;
- Carry-forward of losses and group relief provided (i.e. for different companies belonging to the same group);
- Exemption from customs and excise charges for operations in the Larnaca Industrial Free Zone; and
- Partial exemption of salaries of non-resident employees for a period of three years from the date of first employment in the Republic, equal to 20 percent of the wages or CP 5,000, whichever is lower.

## II. Investment Incentives Concerning Operations Abroad

- Income derived from operations abroad is totally exempt from corporation or income tax.
- Non-resident employees' salaries are partly exempt from tax for a period of three years after their first employment in the Republic, in an amount equal to 20 percent or CP 5,000, whichever is lower.
- Wages of employees rendering services outside Cyprus to a non-resident person or entity, for periods exceeding 90 days within an assessment year, are exempt from tax.
- Immovable property outside the Republic is not subject to any capital gains tax or estate duty.

Additionally, Cyprus has concluded treaties for the avoidance of double taxation covering 40 states (including one with the United States, effective January 1, 1986). These treaties offer significant possibilities for international tax planning.

## III. Investment Incentives for Ship Owning Companies:

The Cyprus Register compares favorably with other open registers in terms of the registration costs and annual fees vis-à-vis the level of services provided. For example, the Cyprus Department of Merchant Shipping responds quickly to requests by foreign ship owners for technical support or assistance in dealing with the authorities in foreign ports (such as obtaining an exemption certificate for a crew member who falls sick during a journey). Other important incentives are:

- Zero tax on profits from the operation of a Cypriot registered vessel and on dividends received from a ship ownership company.
- Zero capital gains tax on the sale or transfer either of a Cypriot registered vessel or of the shares of a ship ownership company.
- No estate duty.
- No income tax on wages and benefits of officers and crew.

-- No stamp duty on ship mortgage deeds or other security documents.

For additional information, please contact Mr. Serghios Serghiou, Director, Cyprus Department of Merchant Shipping at:

Kyllinis Street  
Mesa Geitonia  
CY 4007 Limassol  
CYPRUS  
Tel: 357-25-848100  
Fax: 357-25-848200  
E-mail: [dms@cytanet.com.cy](mailto:dms@cytanet.com.cy)  
Internet Homepage: <http://www.shipping.gov.cy>

Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots offers generous incentives for investing on "state property." Specifically, after an initial screening, investments granted an Incentive Certificate may benefit from the leasing of "state-owned" land and buildings at very preferential rates.

However, prospective investors should be warned about the possible risks associated with such an endeavor. The "TRNC Constitution" -- Article 159 (1) (b), May 7, 1985 -- defines "state property" as: "All immovable properties, buildings and installations which were found abandoned on 13 February 1975 when the "Turkish Federated State of Cyprus" was proclaimed or which were considered by law as abandoned or ownerless after the above-mentioned date, or which should have been in the possession or control of the public even though their ownership had not yet been determined ... and ... situated within the boundaries of the "TRNC" on 15 November 1983 ... notwithstanding the fact that they are not so registered in the books of the Land Registry Office."

The Republic of Cyprus does not accept the above definition and does not recognize title changes in the north since 1974. As stated under the "Protection of Property Rights" section of this report, potential investors should be cautious and obtain independent legal advice concerning purchasing or leasing property in the north.

The area administered by Turkish Cypriots also offers the following investment incentives:

-- Investment Allowance. The "TRNC State Planning Organization (SPO)" offers an investment allowance in the form of Incentive Certificates equivalent to: (a) 200 percent on the initial fixed capital investment for investments in Priority Development Regions, such as the regions of Guzelyurt (Morphou) and Karpaz (Karpasia) and (b) 100 percent on the initial fixed capital investment in other sectors.

-- Exemption from Custom Duties and Funds. Importation of machinery and equipment for an investment project are exempt from every kind of custom duty, in accordance with the Incentive Certificate. Regulations on importation of raw materials and semi-finished goods are specified by the "Prime Ministry" and subject to the approval of the "Council of Ministers."



- Zero VAT Rate. Both imported and locally purchased machinery and equipment is subject to a zero VAT rate, in accordance with the Incentive Certificate.
- Fund Credits. Long term and low rate investment credits are available from the Investment and Export Incentive Fund.
- Exemption from Construction License Fee and Reduced Mortgage Fees. Investments granted an Investment Certificate are exempt from all kinds of construction license fees and taxes and also benefit from reduced stamp duty and mortgage fees.
- Other Tax Allowances. (a) A 50 percent allowance is given on the Initial Investment Allowance. This rate can increase up to 100 percent for priority sectors and regions, with a "Council of Ministers" decision. (b) Annual wear and tear allowances for machinery and equipment (10 percent); motor vehicles (15-25 percent); industrial buildings and hotels (4 percent); shops and residences (3 percent), furniture and fixtures (10 percent). (c) Other tax allowances include a VAT exemption for exports of all goods and services and a 20 percent exemption from corporate tax for exports of goods and services.

## **Protection of Property Rights**

[Return to top](#)

### **Government-Controlled Area:**

Cypriot law imposes significant restrictions on the foreign ownership of real property. Persons not ordinarily resident in Cyprus (whether of EU or non-EU origin) may purchase only a single piece of real estate for private use (normally a holiday home). Exceptions can be made for projects requiring larger plots of land (i.e. beyond that necessary for a private residence) but are difficult to obtain and are rarely granted. Cypriot legislation limiting the acquisition of land in Cyprus by EU residents is not in line with EU requirements. The EU granted Cyprus a temporary derogation from the EU *Acquis communautaire* on this issue, lasting for five years after accession (i.e. until May 2009).

The legal requirements and procedures for acquiring and disposing of property in Cyprus are complex but professional help by real estate agents and developers can ease the burden of dealing with the GOC bureaucracy. This procedure involves Central Bank verification that funds from abroad are to be used by non-EU residents to purchase real estate. It also involves final approval by the Council of Ministers, which is given routinely for holiday homes.

The Government's Department of Lands and Surveys prides itself in keeping meticulous records and in following internationally accepted procedures (which have changed little since British colonial times). Non-residents are allowed to sell their property and transfer abroad the amount originally paid, plus interest or profits without restriction.

The Adoption of the Copyright Law on January 1, 1994 and the subsequent adoption of the Patents Law on April 2, 1998 were important milestones in establishing a modern legislative framework for the protection of intellectual property on the island. These two laws have helped Cyprus comply with its obligations under the WTO TRIPs agreement. Cyprus is not currently listed on the U.S. "Special 301" list of countries effectively

denying adequate IPR protection to U.S. persons. However, the U.S. Embassy in Nicosia consistently receives complaints about IPR piracy from representatives of the business community, which attributes the problem to sporadic implementation of these laws.

The Turkish Cypriot Property Management Service, established in 1991, administers properties of Turkish Cypriots who are not ordinarily residents of the government-controlled area. This service acts as the temporary custodian for such properties until termination of the abnormal political situation. The TCPMS is mandated to administer properties under its custodianship “in the manner most beneficial for the owner.” Most importantly, ownership of TC properties cannot change (unless for inheritance purposes) except in exceptional cases when this is beneficial for the owner or necessary for the public interest.

Area Administered by Turkish Cypriots:

Property remains one of the key outstanding issues that constitute the Cyprus problem. The UN settlement plan, which offered the most feasible basis for an overall political settlement to date but was rejected by the Greek Cypriots, proposed quite complex arrangements regarding property. These arrangements can be reviewed at the following website: [www.annanplan.org](http://www.annanplan.org)

The absence of a political settlement and the lack of international recognition for the “TRNC” pose an inherent risk for the foreign investor interested in buying or leasing property in north Cyprus. Potential investors should be cautious and obtain independent legal advice concerning purchasing or leasing property in the north. Unless the property in question was in Turkish Cypriot hands prior to 1974, it will be very unlikely that the title to the land will be free and unchallengeable. Property issues will be at the heart of any settlement of the Cyprus problem and will involve the return of property and/or compensation to those displaced in 1974. The Republic of Cyprus does not recognize title changes in the north since 1974. Estimates of the percentage of land in the north that belonged to Greek Cypriots pre-1974 run as high as 85 percent. Determining the history of land in the north can be difficult. Foreign buyers of land may also face legal challenges from those displaced in 1974 either in Republic of Cyprus courts or courts in their country of residence.

Expectations for a comprehensive settlement associated with the Annan Plan, and a recent “TRNC” law liberalizing property transfer procedures for foreign investors have provided the impetus for an unprecedented boom in the property market of north Cyprus over the past two years. Applications by foreign nationals for the purchase of property in the north corresponded to a total area of 2.1 million square meters in 2004, compared with only 309,000 square meters in 2001. The value of property sales in 2004 was unofficially estimated at up to USD 2 billion.

Intellectual property rights are not adequately protected in the area administered by Turkish Cypriots, although patent and copyright legislation is currently being drafted.

## **Transparency of Regulatory System**

[Return to top](#)

Government-Controlled Area:

In the government-controlled area, existing procedures and regulations affecting business (including foreign investment regulations, outlined in section A.1.) are generally transparent and applied in practice without bias. In some cases, U.S. companies competing on government tenders have expressed concerns about lack of transparency and the appearance of bias in decisions made by the technical committees responsible for preparing specifications and reviewing tender submissions. The U.S. Embassy monitors these tenders closely to ensure a level playing field for U.S. businesses.

#### Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots has made strides in recent years in terms of adopting a more transparent regulatory system. However, the level of transparency still lags behind European or U.S. standards. A common complaint among businessmen in north Cyprus is that the court system is overloaded, resulting in long delays.

### **Efficient Capital Markets and Portfolio Investment**

[Return to top](#)

#### Government-Controlled Area:

The decision to abolish the interest rate ceiling as of January 1, 2001, and to lift gradually exchange controls for residents has improved the efficiency of the capital market in Cyprus. Additionally, the local stock exchange, launched officially in 1996, seems to have recovered from the 1999-2001 boom-and-bust cycle and offers, once again, excellent potential for enhancing the local capital market.

The permit issued by the Central Bank to non-EU resident investors specifies the activities of the firm and imposes certain conditions with regard to financing arrangements. One of these conditions is that equity capital issued to non-EU resident investors must be funded from abroad.

Terms for foreign loans must be approved by the Central Bank. Interest and other costs must be at market prices. Royalties and other payments for the use of patents, know-how, brand names, etc., must be approved in advance, but then may be readily remitted abroad.

The Cyprus Stock Exchange (CSE) experienced a boom-and-bust cycle between 1999 and 2001, typical of emerging stock markets. It soared roughly eightfold in 1999 only to lose 90 percent of its value since then. This cycle saw the index follow a textbook bell-shaped curve, rising from 90 points at the end of 1998 to over 800 points near the end of 1999, only to plunge back to less than 100 points in 2001 and then on down to below 80 points at the end of 2004. The year 2005 marked the revival of the CSE, with impressive gains of around 52 percent, and with the overall index closing at around 110 points at the end of the year. On January 1, 2006, a new index was launched, which is cross-linked with the Athens stock exchange. This index stood at 1,780 points on January 10, 2006.

#### Area Administered by Turkish Cypriots:

The financial system in north Cyprus is linked closely with that of Turkey. The vast majority of borrowing comes from domestic sources and Turkey. There is no stock exchange in the area administered by Turkish Cypriots.

## **Political Violence**

[Return to top](#)

There have been no incidents of politically motivated serious damage to foreign projects and or installations since 1974. However, it behooves the foreign investor who is interested in Cyprus to have at least a basic understanding of the existing political situation on the ground.

Cyprus has been divided since the Turkish military intervention of 1974, following a coup d'etat directed from Greece. Since 1974, the southern part of the island has been under the control of the internationally recognized Government of the Republic of Cyprus. The northern part of the island is ruled by a Turkish Cypriot administration. In 1983, that administration proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC"). The "TRNC" is not recognized by the United States or by any other country except Turkey. The two parts are separated by a buffer zone patrolled by United Nations forces. A substantial number of Turkish troops remain on the island.

There has been no serious inter-communal violence since 1974, other than an isolated incident in 1996 resulting in the deaths of two Greek-Cypriot civilians during a demonstration in the buffer zone. The partial lifting of travel restrictions between the two parts of the island in April 2003 has allowed movement of persons – over nine million crossings to date -- between the two parts of the island. In August 2004, new EU rules allowed goods produced in the north to be sold in the south provided they met EU rule of origin requirements. In May 2005, the Turkish Cypriot "authorities" adopted a new regulation "mirroring" the EU rules and allowing certain goods produced in the south to be sold in the north. Nevertheless, trade between the two communities remains limited. Suppliers of imported products in the government-controlled area cannot directly serve the Turkish Cypriot market and vice versa.

A plan for the reunification of the island, drafted under the auspices of the UN, was submitted to the two communities for approval in separate but simultaneous referenda on April 24, 2004. The plan was approved by the majority of Turkish Cypriots but rejected by the majority of Greek Cypriots.

On May 1, 2004, the Republic of Cyprus joined the European Union as a full member. The EU Acquis communautaire has been temporarily suspended in the northern part of the island due to the unresolved political situation

## **Corruption**

[Return to top](#)

Government-Controlled Area:

In the government-controlled area of Cyprus, corruption, both in the public and private sectors, constitutes a criminal offense. Furthermore, under Cyprus's Constitution, the Auditor General controls all disbursements and receipts and has the right to inspect all

accounts on behalf of the Republic. In his Annual Report, the Auditor General identifies specific instances of mismanagement or deviation from proper procedures in the civil service. Since 1991, Cyprus has also introduced the institution of the "Ombudsman," who oversees the acts or omissions of the administration.

Cyprus cooperates closely with EU and other international authorities on fighting corruption and providing mutual assistance in criminal investigations. Cyprus has signed the European Convention on Mutual Assistance on Criminal matters and is in the process of ratifying it. Cyprus also uses the foreign Tribunal Evidence Law, Chapter 12, to execute requests from other countries for obtaining evidence in Cyprus in criminal matters. Additionally, Cyprus is an active participant in the Council of Europe's Multidisciplinary Group on Corruption. As such, it has already signed and ratified (on January 27, 1999 and January 17, 2001 respectively) the Criminal Law Convention on Corruption and has joined the "Group of States Against Corruption-GRECO." Furthermore, it diligently attends GRECO meetings.

Additionally, Cyprus' democratic regime, transparent procedures and open, lively press act as a further deterrent against corruption in the civil service. The Embassy is not aware of any U.S. firms identifying corruption as a significant obstacle to foreign direct investment in Cyprus; however, in some cases, U.S. companies competing on government tenders have expressed concerns about lack of transparency and the appearance of bias in decisions made by the technical committees responsible for preparing specifications and reviewing tender submissions.

Transparency International [<http://www.transparency.org>] conducts an interesting survey annually comparing the perception of corruption among businessmen and country analysts in 146 countries. In the 2005 report, Cyprus ranked 37th, with Iceland topping the list as the country with the least perceived corruption. The report can be downloaded from:

[http://www.transparency.org/policy\\_and\\_research/surveys\\_indices/cpi/2005](http://www.transparency.org/policy_and_research/surveys_indices/cpi/2005)

Area Administered by Turkish Cypriots:

Although the Embassy is unaware of any recent complaints from U.S. businessmen involving corrupt practices in the north, anecdotal evidence suggests that corruption continues to be a factor in the economy, despite recent "government" efforts to introduce standards of transparency in licensing and tendering.

## **Bilateral Investment Agreements**

[Return to top](#)

Government-Controlled Area:

The Government of Cyprus has 15 bilateral agreements for the encouragement and reciprocal protection of investments with the following countries: Armenia, Belgium, Bulgaria, Belarus, China, Egypt, Greece, Hungary, India, Israel, Lebanon, Poland, Romania, and the Seychelles. Another 40 bilateral investment agreements are currently under negotiation. Cyprus does not have a bilateral investment protection agreement with the United States; however, the Cypriot Ministry of Foreign Affairs and the U.S. State Department have exchanged letters on the reciprocal protection of investments.

Cyprus has entered into bilateral double tax treaties with a total of 40 countries. The main purpose of these treaties is the avoidance of double taxation of income earned in any of these countries. Under these agreements, a credit is usually provided for tax levied by the country in which the taxpayer resides for taxes imposed in the other treaty country. The effect of these arrangements is normally that the taxpayer pays no more than the higher of the two rates. Cyprus has such agreements with Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, China, the Czech Republic, Denmark, Egypt, France, Germany, Greece, Hungary, India, Ireland, Italy, Kuwait, Kyrgyzstan, Malta, Mauritius, Moldova, Norway, Poland, Romania, Russia, Singapore, Slovakia, Slovenia, South Africa, Sweden, Syria, Tajikistan, Thailand, Ukraine, United Kingdom, United States, and Yugoslavia. Treaties with Algeria, Estonia, and Kazakhstan are at various stages of negotiations.

#### **OPIC and Other Investment Insurance Programs**

[Return to top](#)

The U.S. Overseas Private Investment Corporation (OPIC) is not active in Cyprus, but OPIC finance and insurance programs are open and may be useful when bidding on BOT contracts in the government-controlled area. The Government of Cyprus has started a campaign to attract U.S. corporate investors. Cyprus is a member of the Multilateral Investment Guarantee Agency (MIGA).

#### **Labor**

[Return to top](#)

##### **Government-Controlled Area:**

The local labor force in the government-controlled area of Cyprus is estimated at 339,000 persons. Of these, 7.9 percent worked in agriculture, 11.5 percent in manufacturing and utilities, 9.3 percent in construction, and 71.2 percent in services (including 28.3 percent in trade and tourism).

Since 1977, the rate of unemployment in Cyprus has not exceeded 4.0 percent of the economically active population, significantly lower than the more than 10.0 percent EU average rate of unemployment. Unemployment stood at 3.8 percent in 2005, compared with 3.6 percent the year before. Under these conditions of full employment, employers often resort to hiring a substantial number of foreign workers.

Cyprus has a high per capita rate of college graduates, including many U.S. graduates, and offers an abundant supply of white-collar workers. English is widely spoken, a side effect of Cyprus' experience as a British colony (until 1960).

In response to labor shortages in recent years, more women have joined the labor force (women are now about 44.0 percent of the labor force, compared with 33.4 percent in 1980) and a growing number of Cypriots are repatriating from abroad. There are also 50,000 legally registered foreign workers in Cyprus, including about 15,000 live-in domestic servants. There are also many illegal workers -- an unofficial estimate speaks of around 30,000. Existing legislation requires that foreign workers receive at least the minimum wage.



The legislated minimum wage for sales assistants, clerks, paramedical, and child care staff is currently CP 385 (USD 808) per month, rising to CP 362 (USD 760) after 6 months' employment. Neither amount is sufficient to provide a decent standard of living for a worker and family. All other occupations, including unskilled workers, are covered under collective bargaining agreements between trade unions and employers within the same economic sector, and the wages set in these agreements are significantly higher than the legislated minimum wage.

Currently, about 71.0 percent of the labor force is unionized (compared to 80.0 percent in 1980), which gives the unions a strong say in collective agreements. Head-on confrontations between management and unions do occur, although long-term work stoppages are rare. A recent study by Harvard University covering 60 countries found that union power in Cyprus was perceived to be "the strongest in the world," while labor relations were perceived to be "relatively peaceful." International business companies are not required to hire union labor. The continued existence and method of calculating the current economy-wide, twice per year, Cost of Living Allowance (COLA) for employees is a contentious issue between unions and employers. Nonetheless, this practice is not expected to change in the near-term.

Productivity, measured as the ratio of real value added to gainful employment, rose by 2.2 percent in 2004, compared with an increase of 1.4 percent the year before. Real wages increased at a similar pace, leaving the country's competitive position intact. However, the strength of the local currency has been another factor undermining Cyprus' competitiveness. (According to the IMF, Cyprus' Real Effective Exchange Rate (REER) has risen from 100 points in the year 2000 to 112.9 points in 2005, reflecting a 12.9 percent real appreciation of the local currency against major foreign currencies over the last five years.)

#### Area Administered by Turkish Cypriots:

The labor force in the area administered by Turkish Cypriots is estimated at 95,025. The breakdown of employment by sector is as follows: 15.1 percent in agriculture, 9.5 percent in manufacturing and utilities, 17.5 percent in construction, and 57.9 percent in services (including 11.4 percent in trade and tourism). The minimum wage effective January 1, 2006 in the area administered by Turkish Cypriots was 780 new Turkish Lira (YTL) per month (around 577 USD). The rate of unemployment is estimated at around 9 percent.

### Foreign-Trade Zones/Free Ports

[Return to top](#)

#### Government-Controlled Area:

Cyprus has three Free Zones (FZs). The first two, located in the two main ports of Limassol and Larnaca, are used only for transit trade, while the third, located near the international airport in Larnaca, can also be used for repacking and reprocessing. These areas are treated as being outside normal EU customs territory. Consequently, non-EU goods placed in FZs are not subject to any import duties, VAT or excise tax. FZs are governed under the provisions of relevant EU and Cypriot legislation. The Department of Customs has jurisdiction over all three areas and can impose restrictions or

prohibitions on certain activities, depending on the nature of the goods. Additionally, the Ministry of Commerce, Industry and Tourism has management oversight over the Larnaca FZ.

Companies given permission to locate in the Larnaca FZ take advantage of the fact that the FZ operates outside the normal jurisdiction of Cyprus Customs. This allows the company to import raw materials or goods for transshipment without paying the normal import duty and VAT. The only limitation is that the goods must be sold or re-exported strictly outside the EU. If the company wants to do business with the local market, it must obtain permission from Customs and pay the appropriate duties.

The procedure for applying is straightforward. Interested companies apply to the Ministry of Commerce, Industry, and Tourism (contact info given below), laying out their investment plans. The Ministry reviews the application and makes a recommendation. An inter-agency Council, with participation from the Central Bank of Cyprus and the Ministry of Finance, reviews the application and the Ministry of Commerce, Industry and Tourism issues approval. Contact information follows:

Mr. George Michael  
Commerce and Industry Officer A'  
Ministry of Commerce,  
Industry and Tourism  
1421 Nicosia  
Tel. 357-22-867235  
Fax. 357-22-375120  
E-mail: [mcindustry2@cytanet.com.cy](mailto:mcindustry2@cytanet.com.cy)  
Website (still under construction):  
<http://www.mcit.gov.cy/mcit/trade/trade.nsf/Main?OpenFrameSet>

## **Foreign Direct Investment Statistics**

[Return to top](#)

### **Government-Controlled Area:**

Cyprus has dismantled most investment restrictions as part of the accession process, attracting increased flows of Foreign Direct Investment (FDI) in recent years, particularly from the EU. In 2004, the inflow of FDI reached USD 1.08 billion, compared with USD 890 million in 2003. Most of this new investment originated from the EU (70.9 percent in 2004, compared with 64.5 percent in 2003), with Germany, the U.K., the Netherlands, and Greece leading the charge (in descending order). Another 16.1 percent came from Eastern Europe, and 10.6 percent from the Americas and Oceania (combined). In terms of sectoral allocation, incoming FDI in 2004 went to the following sectors: manufacturing 0.2 percent; construction 3.5 percent; trade 36.8 percent; transport and communication 1.5 percent; financial intermediation 10.8 percent; real estate and business 37.3 percent, other services 9.1 percent.

The gradual liberalization of foreign direct investment regulations has made Cyprus progressively a more attractive destination for U.S. investors in recent years. U.S. investors may now benefit from Cyprus' abolition of EU-origin investment restrictions, provided they operate through EU subsidiaries. The inflow of U.S. FDI in Cyprus in 2004 reached USD 85.3 million (compared with minus USD 7.8 million in 2003), including



USD 60.9 million in business and management consultancy services, and USD 13.2 million in real estate. A further breakdown of direct investment from the U.S. is unavailable as it is considered confidential by the Central Bank. However, projects involving U.S. investment in recent years have included a well-known U.S. coffee retailing franchise, an equestrian center, a hair products manufacturing unit, a firm trading in health and natural foodstuffs, and a financial services company.

Area Administered by Turkish Cypriots:

No detailed statistics on investment in the “TRNC” are available. However, it is clear that most foreign direct investment in north Cyprus since 1974 has come from Turkey – both from the government and the private sectors. The sector, which has attracted most investment, has been tourism. Currently, there are plans for several large hotels in coastal areas in the north and one large marina.

## **Web Resources**

[Return to top](#)

American Embassy in Nicosia:

<http://www.americanembassy.org.cy>

Commercial Section in Nicosia:

<http://www.buyusa.gov/cyprus/en>

Government-Controlled Area:

GOC Ministry of Finance:

<http://www.mof.gov.cy/mof/mof.nsf/Main?OpenFrameset>

Central Bank of Cyprus:

[http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=37](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=37)

GOC Department of Merchant Chipping:

[www.shipping.gov.cy](http://www.shipping.gov.cy)

Area Administered by Turkish Cypriots:

“TRNC State Planning Organization:”

<http://www.devplan.org/>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### How Do I Get Paid (Methods of Payment)

[Return to top](#)

The usual method of payment for business transactions is by letter of credit, with 90-days credit.

### How Does the Banking System Operate

[Return to top](#)

Government-Controlled Area:

The standard of banking services in the government-controlled area of Cyprus compares well with European countries and the United States. The Central Bank of Cyprus supervises closely private banks and requires them to meet Bank for International Settlements (BIS) standards as well as corresponding directives by the European Union. Bank financial statements are in compliance with international standards and audited by internationally recognized auditors. The Banking Law of 1997 provided for a properly funded deposit insurance scheme. The House approved the specific provisions and regulations for this scheme in 1999.

Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots went through a severe banking crisis from 1999 to 2001, which resulted in the closure of several banks and in financial losses for hundreds of local depositors. The crisis was fuelled mainly by the Turkish financial crisis but also by inadequate supervision. Banking supervision in the north has improved significantly in the past few years. The "Central Bank" oversees and regulates the 25 on-shore banks. Three of the five members of the "Central Bank's" "Board of Directors" are from Turkey as is the "Central Bank Governor."

### Foreign-Exchange Controls

[Return to top](#)

In both the government-controlled area and the area controlled by Turkish Cypriots there are no restrictions on either incoming or outgoing foreign exchange remittances for legitimate business purposes. However, the following restrictions apply to carrying cash in local or foreign currency in or out of the country.

#### Government-Controlled Area:

Travelers both in and out of Cyprus, whether residents or non-residents, may carry local or foreign currency up to CP7,300 or €12,500 (about USD 15,987) without any questions asked. Sums over this threshold must be declared to the Department of Customs at the port of entry/exit. When this currency was obtained through a bank, the traveler must display a copy of the bank transaction.

#### Area Administered by Turkish Cypriots

Travelers exiting the area administered by Turkish Cypriots, whether residents or non residents, may carry up to USD 10,000 in local or foreign currency, without any problem. Travelers must obtain authorization from the "Central Bank of the TRNC" for sums over this threshold and declare the money to the "Department of Customs" at the port of exit. There is no restriction for the import of currency into the area administered by Turkish Cypriots.

### **U.S. Banks and Local Correspondent Banks**

[Return to top](#)

#### Government-Controlled Area:

The government-controlled area of Cyprus currently has 12 domestic banks and two branches of foreign banks. They offer all types of services, including deposit accounts, lending advances, leasing, credit card facilities, and automatic banking machines. Some of them have subsidiaries dealing with insurance services, investment banking, and other related services. All of these banks have correspondent arrangements with U.S. banks. Cypriot domestic banks have received relatively high ratings from international rating agencies. Following is a list of domestic banks:

#### Cyprus Incorporated Banks

1. Bank of Cyprus Public Company Ltd
2. Mortgage Bank of Cyprus Ltd
3. The Cyprus Popular Bank
4. Hellenic Bank Ltd
5. Alpha Bank Limited
6. National Bank of Greece (Cyprus) Ltd
7. Co-Operative Central Bank Ltd
8. Universal Bank Public Limited
9. Emporiki Bank - Cyprus Ltd
10. The Cyprus Development Bank Ltd
11. Housing Finance Corporation
12. Société Générale Cyprus Ltd

#### Cyprus Branches of Foreign Banks

1. Arab Bank Plc
2. National Bank of Greece S.A. - Cyprus Branch

Full contact details for all of the above banks can be obtained from the Central Bank of Cyprus website:

[http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=31](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=31)

Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots has a total of 25 domestic banks, most of which have correspondent facilities with the United States. The full list of domestic banks in the area administered by Turkish Cypriots can be obtained from the following website:

<http://www.kktcmb.trnc.net/ENGLISH/defaultENG.htm>

## **Project Financing**

[Return to top](#)

Government-Controlled Area:

There are no significant problems with credit availability in the government-controlled area of Cyprus. Up until the end of 2000, Cypriot businesses relied on local sources of financing. Additionally, the lifting of restrictions on foreign borrowing since January 1, 2001, has encouraged many residents to turn to lower-interest, Euro-denominated loans (through local banks, since foreign banks have little competitive advantage here). Cyprus enjoys an excellent credit rating internationally. Standard and Poor's rates Cyprus' long-term foreign currency credit at "A" and its short-term foreign currency credit rating at "A1." Banks in Cyprus employ all modern methods of cross-border financing, including letters of credit, bills for collection, documentary credit, and cash against documents. U.S. EXIM Bank financing could also be applied in Cyprus for U.S. source equipment purchases. EXIM Bank is open for short- and long-term trade financing. Cyprus graduated from World Bank borrowing in 1992.

Area Administered by Turkish Cypriots:

Credit availability is more of a problem in the area administered by Turkish Cypriots and domestic banks charge much higher real interest rates than banks in the government-controlled area. Due to north Cyprus's relative economic isolation and issues arising from the "TRNC's" lack of international recognition, both domestic banks and businesses currently have very limited access to international capital. U.S. EXIM Bank financing may be available for U.S. source equipment purchases and trade financing involving the private sector. EXIM Bank financing is not available for projects involving the public sector.

## **Web Resources**

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Central Bank of Cyprus: [http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=1](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=1)

“Central Bank” of the “TRNC”: <http://www.kktcmb.trnc.net/ENGLISH/defaultENG.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Web Resources](#)

### Business Customs

[Return to top](#)

Business customs in Cyprus are not very different from the U.S. Despite the long and hot summer, the conventional business dress code usually calls for a suit and tie for men and conservative attire for women. More casual wear is usually worn when entertaining business guests, depending on the venue.

### Travel Advisory

[Return to top](#)

Cyprus enjoys a low crime rate, good hygienic conditions, and a modern array of goods and services. Visitors may obtain travel advisory information from the Embassy's website: <http://www.americanembassy.org.cy>. Any foreigner arriving in Cyprus must possess a valid passport except EU passengers who can enter the island with only their ID.

### Visa Requirements

[Return to top](#)

U.S. citizens do not need visas to enter Cyprus. Persons arriving with the intention to work must obtain special work permits. For more information contact the Consular Section of Embassy Nicosia at +357-22-393939. Information is also available on the Embassy website: <http://www.americanembassy.org.cy>.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Area Administered by Turkish Cypriots:

U.S. citizens do not need visas to enter the area administered by Turkish Cypriots. U.S. citizens can enter the area administered by Turkish Cypriots either directly (through the Ercan and Gecitkale airports and the Kyrenia and Famagusta seaports) or from the government-controlled area (at one of the four current crossing points over the UN-patrolled green line). Since 1974, the Cypriot government has designated Larnaca and Paphos international airports, and the seaports of Limassol, Larnaca, and Paphos, as the only legal points of entry into and exit from Cyprus. These ports are all in the government-controlled southern part of the island. The Government of Cyprus considers entry or exit via any other air or seaport an illegal act. Until recently, visitors choosing to arrive at "non-designated" airports and seaports in the north were not allowed to cross the United Nations-patrolled "green line" to the government-controlled area in the south. In June of 2004, however, Cypriot authorities implemented new EU-related crossing regulations that allowed Americans (and citizens of most other countries) to cross freely regardless of their port of entry into Cyprus. Visitors arriving in the south are normally able to cross into the north without hindrance, although on occasion difficulties are encountered at both the Greek-Cypriot and Turkish-Cypriot checkpoints. Policy and procedures regarding such travel are subject to change. More information on current procedures may be obtained at the U.N. "Buffer Zone" Ledra Palace checkpoint in Nicosia. U.S. government officials are permitted to travel directly from locations outside Cyprus to the area administered by Turkish Cypriots provided they travel on their tourist passports.

## **Telecommunications**

[Return to top](#)

### **Government-Controlled Area:**

The island's telecommunications system is quite advanced and efficient. More than 190 countries can be reached through fully automatic direct dialing. Installation services are offered within a few days notice. Telefax service is available, as is the Internet. Cyprus uses GSM cellular phone technology on European frequencies and standards. Both CyTA and Areeba provide cellular phone services.

### **Area Administered by Turkish Cypriots:**

The "Telecommunications Authority" in the north provides telephone, telex, fax and telegram transmission services. The telephone service is integrated into the Turkish market and uses the Turkish country code. Two private companies, Turkcell and Telsim (now purchased by the British Vodafone Company in Turkey) provide GSM-Mobile services. While Internet services are widely available, broadband services are not, and the Internet is especially slow during peak hours.

## **Transportation**

[Return to top](#)

### **Government-Controlled Area:**

Traveling within Cyprus is by taxi and bus service or rental car. Taxis are metered. The cost for a taxi from the airport to Nicosia is around CP 25.00 (USD 55.00). To rent a

car - depending on the season - prices range from CP 15.00 to CP 20.00 (USD 33.00 - 44.00) per day with unlimited mileage.

Air traffic is served through the island's two international airports situated in Larnaca and Paphos. Cyprus Airways is the national carrier of Cyprus, which also operates chartered flights through its subsidiary, Eurocypria. Many international airlines including Cyprus Airways offer daily flights to major destinations in Europe and the Middle East. The port of Limassol serves the country's external trade and sea borne passenger traffic, acting also as transshipment center for the region.

Area Administered by Turkish Cypriots:

Means of public transportation in the north is by bus or taxi. Rental cars services are also available. The distances are relatively small and the roads are in fairly good condition. Because the Government of Cyprus actively discourages the use of its air space for flights into Ercan airport (an airport it considers illegal) flights to and from north Cyprus must currently touch down in Turkey. The two ports of Famagusta and Kyrenia are used for cargo and passenger transportation respectively. Most goods destined for the north are transshipped through the Turkish post of Mersin -- significantly increasing the cost of shipping cargo to north Cyprus.

## **Language**

[Return to top](#)

The official languages in Cyprus are Greek, Turkish, and English. Greek and English is widely spoken in the Government-controlled area of the island. Press is available in many languages (European and other). English is usually preferred in business dealings. Turkish is widely spoken in the area administered by Turkish-Cypriots.

## **Health**

[Return to top](#)

Cyprus has a general hospital in every city and several private clinics. Most facilities provide adequate medical care and are equipped with considerably modern equipment and trained medical professionals. There are many English-speaking doctors and dental specialists in Cyprus who were trained in Europe or the United States.

## **Local Time, Business Hours, and Holidays**

[Return to top](#)

Government-Controlled Area:

The list of holidays observed by businesspersons in Cyprus for 2006 are:

January 1	New Year's Day (Sunday)
January 6	Epiphany Day
March 6	Green Monday - Start of Lent
March 25	Greek Independence Day (Saturday)
April 1	EOKA Day
April 21	Good Friday
April 24	Easter Monday



May 1	Labor Day
June 12	Holy Spirit Day
August 15	Assumption Day
October 1	Cyprus Independence Day (Sunday)
October 28	OHI Day (Saturday)
December 24	Christmas Eve (Sunday)
December 25	Christmas Day
December 26	Boxing Day

Businesspersons should avoid making appointments on the above dates (holidays that fall on a Saturday or Sunday are not observed on weekdays). The months of July and August are relatively slow months because many businesses are closed for summer vacations. We recommend that you avoid making appointments during Christmas and Easter holidays as well.

#### Government Offices:

Monday – Wednesday:	7:30 –14:30
Thursday:	7:30 –18:00
Friday:	7:30 –14:30

(Note: During the months of July and August, the Government offices are closed on Thursday afternoon).

#### Banking sector:

Monday:	7:30 – 14:30 and 15:00 – 18:00
Tuesday – Friday:	7:30 – 14:30

(Note: From May to August, the banks are closed on Monday afternoon).

Private sector business hours vary. The most common work hours companies follow are from 8:00 to 17:00 with a one-hour break between 13:00 and 14:00. Private sector hours are the same year round.

Business travelers to Cyprus seeking appointments with U.S. Embassy Nicosia officials should contact the Commercial Section in advance. The Commercial Section can be reached by phone at +357-22-393520, by fax at +357-22-393923 or through email: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

#### Area Administered by Turkish Cypriots:

#### Public holidays for 2006 are:

January 9	Arife to Kurban Bairam (half day)
January 10	Kurban Bairam
January 11	Kurban Bairam
January 12	Kurban Bairam
January 13	Kurban Bairam
May 19	Youth and Sports Day
July 20	Peace and Freedom Day

August 30	Turkish Liberation Day
October 22	Arife to Ramadan (half day)
October 23	Ramadan Bairam
October 24	Ramadan Bairam
November 15	Proclamation of the "TRNC"

"Government" Offices: (Monday – Friday)

October – April:	08:00 – 13:00 and 14:00 – 17:00
May – September:	07:30 – 14:00 and 15:30 – 18:00 (on Mondays)
Shops: (Monday – Saturday)	
October – April:	08:30 – 13:00 and 14:00 – 18:00
May – September:	08:00 – 13:00 and 16:00 – 19:00
Banks: (Monday – Friday)	
October – April:	08:30 – 12:00 and 14:00 – 15:30
May – September:	08:30 – 12:30 and 14:15 – 16:15
Factories: (Monday – Friday)	
October – April:	07:30 – 16:00
May – September:	07:30 – 16:00

Business travelers to the area administered by Turkish Cypriots seeking appointments with U.S. Embassy Nicosia officials should contact the Commercial Section in advance. The Commercial Section can be reached by phone at +357-22-393520, by fax at +357-22-393923 or through email: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

## Web Resources

[Return to top](#)

<http://www.cyprus.gov.cy>

Republic of Cyprus official website

<http://www.trncgov.com/>

"TRNC" website

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### Contacts

[Return to top](#)

Government-Controlled Area:

The Government of Cyprus and semi-governmental organizations can be accessed through the Internet at the following web addresses: <http://www.cyprus.gov.cy>. Through this Website there are links to all Ministries and independent services related to the Government. The Cyprus Telecommunications website is: <http://www.cyta.com.cy> and the Electricity Authority of Cyprus website is: <http://www.eac.com.cy>.

Ministry of Foreign Affairs

Minister	Mr. George Iacovou Tel.: +357-22-300700 Fax: +357-22-661881
Permanent Secretary	Mr. Sotos Zakheos Tel.: +357-22-300713 Fax: +357-22-461881

Ministry of Finance

Minister	Mr. Michael Sarris Tel.: +357-22-601106 Fax: +357-22-602741
Permanent Secretary	Mr. Christos Patsalides Tel.: +357-22-601111 Fax: +357-22-602743

Ministry of Commerce and Industry

Minister	Mr. George Lillikas Tel.: +357-22-867111 Fax: +357-22-375323
Permanent Secretary	Mr. Andreas Petronidas Tel.: +357-22-867196 Fax: +357-22-375120

#### Ministry of Communications and Works

Minister	Mr. Charis Thrasou Tel.: +357-22-800102 Fax: +357-22-441022
Permanent Secretary	Mr. Makis Constantinides Tel.: +357-22-800104 Fax: +357-22-475024

#### Ministry of Agriculture and Natural Resources

Minister	Mr. Efthymios Efthymiou Tel.: +357-22-303815 Fax: +357-22-781156
Permanent Secretary	Mr. Panicos Pourous Tel.: +357-22-300817 Fax: +357-22-781156

#### Ministry of Health

Minister	Mr. Andreas Gavrielides Tel.: +357-22-309503 Fax: +357-22-434189
Permanent Secretary	Mr. Sotiris Soteriou Tel.: +357-22-309508 Fax: +357-22-434203

#### Electricity Authority of Cyprus

Chairman	Mr. Charilaos Stavrakis Tel.: +357-22-845000 Fax: +357-22-767658
Chief Executive Officer	Mr. Moisis Stavrou Tel.: +357-22-201004 Fax: +357-22-461881

## Cyprus Telecommunications Authority

Chairman	Mr. Stavros Kremmos Tel.: +357-22-701200 Fax: +357-22-701500
General Manager	Mr. Nikos Timotheou Tel.: +357-22-701202 Fax: +357-22-494940

## Commission of Telecommunications and Postal Regulations

Commissioner	Dr. Vassos Pyrgos Tel.: +357-22-693100 Fax: +357-22-693030
--------------	------------------------------------------------------------------

## Commission of Energy Regulation

Commissioner	Mr. Costas Ioannou Tel.: +357-22-666363 Fax: +357-22-667763
--------------	-------------------------------------------------------------------

## Cyprus Ports Authority

General Manager	Mr. Antonis Toumazis Tel.: +357-22-756100 Fax: +357-22-765420
-----------------	---------------------------------------------------------------------

## Country Trade Associations/Chambers of Commerce

In 1997 the Cyprus-American Business Association was established under the Cyprus Chamber of Commerce and Industry to handle matters related to trade with the United States. The Cyprus American Business Association (CyABA), which is also a member of the U.S. Chamber of Commerce, has a very useful Internet site at:

<http://www.cyaba.com.cy>

Contact:

Mr. Kyriakos Kokkinos, President  
CyABA  
38 Griva Digeni Ave. and Deligiorgis Streets  
P.O. Box 21455  
1509 Nicosia

## CYPRUS

Tel.: 357-22-889800

Fax: 357-22-668630

E-mail: [info@cyaba.com.cy](mailto:info@cyaba.com.cy)

The Cyprus Chamber of Commerce and Industry, with regional chambers in all four major towns, is the major contact for business advice in Cyprus.

### Contact:

Mr. Panayiotis Loizides, Secretary General  
Cyprus Chamber of Commerce and Industry  
38 Griva Digeni Ave. and Deligiorgis Streets  
P.O. Box 21455

1509 Nicosia

CYPRUS

Tel.: 357-22-889800

Fax: 357-22-669048

E-mail: [chamber@ccci.org.cy](mailto:chamber@ccci.org.cy)

Homepage: <http://www.ccci.org.cy>

There are also trade associations governing most professions. Most of these associations are housed within the Cyprus Chamber of Commerce and Industry building. For more information, please contact Mr. Thasos Katsourides, Secretary, at the above address.

## U.S. Embassy Trade Personnel

The Embassy's Commercial Unit is in the main chancery. An American Economic officer is assigned to the Embassy for a three-year tour and supervises the Economic / Commercial Section. One Cypriot Commercial Specialist, a Cypriot Commercial Assistant and a Cypriot Economic Specialist are available to assist U.S. Businesspersons. The Embassy's telephone number is +357-22-393939 and the direct number for the Commercial Section is +357-22-393520. The fax number is +357-22-393923. The Commercial Section's website is the following: <http://www.buyusa.gov/cyprus/en>. You can also reach the Section through the following e-mail: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

## Washington-Based USG Country Contacts

Washington-based USG country contacts include the Cyprus Desks at the Department of State (tel.: 202-647-6113) and Department of Commerce (tel.: 202-482-3945), the Overseas Private Investment Corporation (OPIC) (tel.: 202-336-8474), EXIM Bank (tel.: 202-566-8990), and Trade and Development Agency (tel.: 703-875-4357).

Area Administered by Turkish Cypriots:

“Ministries”

<b>“Ministry”</b>	<b>“Minister”</b>	<b>Address</b>	<b>Telephone</b>	<b>Fax</b>
“Prime Ministry”	“Prime Minister”: Mr. Ferdi Sabit Soyer	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 41	(90) (392) 227 52 81
“Deputy Prime Ministry and Ministry of Foreign Affairs”	Mr. Serdar Denktash	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 32 41	(90) (392) 228 42 90
“Ministry of Economy and Tourism”	Mr. Dervish Kemal Deniz	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 16	(90) (392) 228 52 04
“Ministry of Finance”	Mr. Ahmet Uzun	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 16	(90) (392) 227 82 30
“Ministry of Public Works and Transportation”	Mr. Salih Usar	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 36 66	(90) (392) 228 18 91
“Ministry of Interior”	Dr. Ozkan Murat	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 33 44	(90) (392) 228 30 43
“Ministry of Labor and Social Security”	Mr. Sonay Adem	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 227 87 65	(90) (392) 228 64 54
“Ministry of Education and Culture”	Mrs. Canan Oztoprak	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 36	(90) (392) 228 23 34
“Ministry of Agriculture and Forestry”	Mr. Huseyin Oztoprak	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 35 95	(90) (392) 228 69 45
“Ministry of Health	Mr. Esref Vaiz	Lefkoşa – “TRNC”	(90) (392) 228 31 73	(90) (392) 228 38 93

and Social Welfare”		Via Mersin 10 Turkey		
“Ministry of Youth and Sport”	Mr. Ozkan Yorgancioglu	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 227 87 65	(90) (392) 228 93 78

### “Public and Private Organizations”

<b>Organization Name</b>	<b>“Directors”</b>	<b>Address</b>	<b>Telephone</b>	<b>Fax</b>
“State Planning Organization”	“Under Secretary”: Mrs. Isilay Yilmaz	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 41	(90) (392) 228 59 88
“Department of Official Receiver and Registrar”	Mr. Kemal Ozcakil	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 43 45	(90) (392) 227 22 05
“Central Bank”	“Governor”: Mr. Erdogan Kuchuk	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 32 16	(90) (392) 228 86 07
“Development Bank”	Mr. Tuncay Yorel	P.O. Box 29 Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 84 40	(90) (392) 227 82 55
“Magusa Free Port and Zone Administration”	Mr. Adnan Zihni	Magusa – “TRNC” Via Mersin 10 Turkey	(90) (392) 365 11 64	(90) (392) 365 47 75
Cyprus Turkish Chamber of Industry	Chairman: Mr. Salih Tunar	Osman Paşa Caddesi No: 14 Kösklütçiftlik Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 45 96	(90) (392) 228 45 95
Cyprus-Turkish Chamber of Commerce	Chairman: Mr. Erdil Nami	Bedreddin Demirel Caddesi Lefkoşa – “TRNC” Via Mersin 10	(90) (392) 228 37 60	(90) (392) 228 30 89



		Turkey		
--	--	--------	--	--

## Market Research

[Return to top](#)

Recently, the Embassy has prepared Unplanned Market Research Reports on: (a) energy issues, specifically tender opportunities in the energy sector; (b) a project for a highway construction opportunity in the city of Paphos (c) a Combined Cycle Gas Turbine Tender (d) a Larnaca Marina and Larnaca Port Re-development joined tender, and (e) a Helicopters tender.

Trade Lead Reports Published:

- Services for the Design and the Purchase of Time/Space in Advertising Media for the Implementation of the Cyprus Tourism Organization's Advertising Campaign for the Year 2006 in 23 Countries.
- Scrutiny Exercise for the Methods of Operation of the Human Resources Development Authority of Cyprus (HRDA).
- 10 kW fm Transmitters for the Cyprus Broadcasting Corporation (CyBC)
- Digital Video Cassette Recorders for the CyBC
- TV Portable Microwave Links for the CyBC
- Corporate Clothing Range for the Electricity Authority of Cyprus (EAC)
- Low Voltage Distribution Fuse-boards for the EAC
- Software – Hardware Packages for the EAC
- Supply of Digestive System and Metabolism Medication
- Supply of Skeletomuscular Disease Medication
- Turkish-Cypriot Diesel Generator Power Plant Project
- Pre-qualification Stage for the Design, Build, Finance, Operate, and Transfer of a Marina in the City of Paphos
- Extension (Phase I) Design & Build Project of a Sewage Plant at the forest of Ayios Ioannis at Ayia Napa, Cyprus

For more detailed information on market research reports and to request a report, please click on the following link:

<http://www.buyusa.gov/cyprus/en/tradeleads.html>

Cyprus does not offer Industry Sector Analysis reports (ISAs) at present. However, International Company Profiles (ICP) and Gold Key Services are available through Embassy Nicosia for a fee. Single Company Promotion and Platinum Key services are also available for a fee. Requests for Commodity Reports and Market Briefs should be referred to USDA Washington at the following address:

U.S. Department of Agriculture  
 Director, Agricultural Export Services Division  
 Foreign Agricultural Service  
 Washington DC 20250-1052  
 Tel. (202) 690-3424  
 Fax: (202) 690-4374

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

## Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

You can also find information on upcoming trade events in Cyprus through the following link:

<http://www.buyusa.gov/cyprus/en/tradeevents.html>

### Government-Controlled Area:

The major annual trade event in Cyprus is the Cyprus International Fair, (a general trade fair with a variety of consumer and industrial products) which is an exhibitor-financed event. The 31st Cyprus International Fair will take place between May 25 and June 4, 2006. U.S. firms interested in exhibiting at the U.S. Pavilion in the future, should contact Ms. Anna Agrotou, tel.: +357-22-393520, fax: +357-22-393923, or Ms. Ephie-Yvonne Charalambidou, tel.: +357-22-393362, fax: +357-22-393923, email: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov)

Additionally, the State Fairs Authority has the following specialized exhibitions planned for 2006 at the State Fair Grounds:

Date	Title of Exhibition
March 2 – 5, 2006	13 <sup>th</sup> International Education Fair (Universities, Colleges, Educational Institutions, Suppliers of Educational Products and Equipment
May 25 to June 4, 2006	31 <sup>st</sup> International Cyprus Fair (A general trade fair with a variety of consumer and industrial products).
September 27 - October 1, 2006	Ideal Home Exhibition  (1) Furnifair: Furniture and furnishings, lighting fixtures (2) Klimatherm: Heating and cooling equipment, solar energy systems (3) Ecodomica: Building materials and construction equipment (4) Home Equipment: Kitchenware, chinaware, crystal items,

	and domestic appliances 5) Property Development: Land development companies, housing and hotel apartment companies and organizations
October 12 – 22, 2006	Stock Clearance
November 1 – 5, 2006	Motorshow (Cars, Motorcycles, and Accessories)
November 15 – 19, 2006	Offitec (Computers, Office Machines, Telecommunication Equipment, and Office Furniture)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Area Administered by Turkish Cypriots

All exhibitions are located at the Ataturk Culture Park and Fair Area:

Date	Title of Exhibition
March 3 – 12, 2006	Handicrafts and Gifts Fair
March 22 – 26, 2006	Construction Equipment Fair
April 10 – 16, 2006	Electric, Electronics and Information Technology Fair
April 24 – May 3, 2006	Consumer Products Fair
May 8 - 12, 2006	Technical School Exhibition
June 9 - 18, 2006	30 <sup>th</sup> "TRNC" International Fair
July 5 – 9, 2006	Tourism and Hoteliers Fair
July 19 – 23, 2006	Construction Equipment/ Heating-Cooling Equipment Fair
July 31 – August 6, 2006	Consumer Products Fair
August 18 – 27, 2006	Local Products Fair

September 15 – 21, 2006	Food and Food Equipment Fair
November 3 – 6, 2006	Food – Detergents – Packaging Equipment & Technologies Fair
November 24 – December 3, 2006	Consumer Products Fair

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below:

<http://www.buyusa.gov/cyprus/en/services.html>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.